

Online payment processors

There are two ways in which you can set up an online merchant account. In the first method, you can have a third party online merchant account that will accept the online payment on your behalf. In this case you have to pay a certain amount as fees for the service that they provide. In case you are just starting off a venture and are not sure of the success and the longevity of the business, then it is a good idea to go in for a third party online merchant account. This way you don't have to worry about the payment aspect of the business. All you need is to check the payment at the end of the month and you can easily devote all your time in the betterment of your product.

You can also try out opening your own merchant account. To do this you will need a bank that will allow you to open a merchant account. There are a few requirements that you have to meet in order to ensure that you get to open a merchant account. The requirements that have to be met are that you should have a high rate of fixed income, you should have well rated credit worthiness and you must have a well established bank account. For new companies that do not have a very good credit history, there are ways in which they can get a merchant account. The new companies can take the help of other reputable payment processing companies; these payment processing companies have a tie up with reputable banks that provide merchant account facilities.

It is important that you check and compare fees before deciding upon anything. The fees that you should compare are as follows.

1. Transaction fees: Transaction fee is a fixed charge that is charged for every online transaction. In case you are selling products in which your margin for profit is quite substantial, then the transaction fee loses its significance.
2. Discount rates: Discount charge is a flat percentage charge that is imposed on you for each and every online sale that you make.
3. Charge back rates and rolling reserve: These rates are associated with fraudulent transactions and repudiated purchases.

In case you are in a hurry to start off your business and are not in a position to get a merchant account, then you can try out credit card payment services such as Pay Mate and Pay Pal. In this case you will not have to pay any monthly overheads, the process is entirely hassle free and you can set up your account without cost in a few minutes. The only draw back in this case is that unlike in merchant account, where the customer sees your business name in their credit card statement, they will see the name of Pay Pal or Pay Mate in case the payment is made through them. This may cause confusion in the minds of the buyer as they might not be able to identify the source from where they have shopped.

About the Author

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