Learn Everything You Need to Know About Credit Card Processing

Description

Credit card processing can be complex, costly, and perplexing. The first step toward a more favorable payment processing experience is to better understand what you're being charged for and what solutions are available to you.

This article will provide you a better grasp of the major credit card processing firms that offer payment processing services. You'll discover some insider information on what constitutes a payment solutions provider, how processing works, credit card processing costs, hazards, and more.

Service Fees for Credit Card Processing

Now that we have a clear knowledge of the parties involved and how they interact, we can look at the different sorts of fees that might be connected with a transaction. These differ depending on your merchant services provider, so keep an eye on your monthly statement to ensure you're not overpaying for credit card processing.

Fees for Transactions

Each transaction you conduct incurs transaction fees. They are classified as interchange fees and cents per transaction. Because they are determined by the credit card companies, these are the only mandatory fees associated with credit card processing. You are essentially paying Visa, Mastercard, American Express, and Discover to accept their cards.

The exchange rate depends on the type of card you are using. The more expensive it is for the credit card company to keep the card — rewards, cash back, perks – the higher the interchange. In other words, debit cards are less expensive, whereas corporate credit cards are often the most costly.

Fees for one-time events

One-time fees are ones that happen only once. Terminal fees, early termination fees, setup expenses, reprogramming fees, PCI compliance fees, address verification fees, chargeback and recovery fees, and payment gateway fees are examples of these.

Needless to say, there are a few things you should look for on your credit card processing statement each month. Merchant service providers profit handsomely from the fact that most businesses are unaware of what they are paying for and why. Your payment processing statement is straightforward with Stax. You only have to pay a monthly membership fee in exchange for the direct cost of interchange and cents per transaction. We take pleasure in our honesty by never including hidden costs or online credit card processing fees for profit.

Pricing Models for Credit Card Processing

The costs you pay to accept credit cards are mostly determined by your credit card processor's pricing model. This section will look at the most prevalent pricing schemes used by payment processors.

Price Interchange or Percentage Markup

This pricing strategy is exactly what it sounds like: providers will charge an extra percentage on top of the interchange for each transaction run. Because interchange varies by card type, there's no way to forecast how much you'll pay each month with this pricing model. The more you process, the more you'll have to spend in markups.

Flat Fee

Flat rate pricing is a variation on percentage markup pricing. Instead of charging an additional

percentage on top of the interchange (which implies each card's ultimate fee will be different), flat-rate models charge the same amount to all cards. Square is the most well-known example of this. Square will always charge 2.9 percent regardless of the card used. This may appear to be a good approach at first glance, but the more you process, the more expensive it becomes. This is especially true if you process a lot of low-interchange-rate cards, such as debit cards. These cards have an average interchange rate of around.5%, so 2.9 percent is a considerable markup.

Rate Structure

Tiered rates, by far the most expensive and least transparent of all pricing structures, place distinct cards in different tiers and charge based on those qualities. The most crucial aspect of this approach to understand is that the tiers are arbitrary and defined by the provider. Providers keep track of the most popular card types, place them in the most expensive tier, or charge extra fees for a variety of ambiguous online credit card processing services.

These models are rarely questioned since corporations frequently feel there is some kind of logic behind the groups. Because there isn't, it's important to have an open dialogue with your provider if you see terms like "qualified," "mid-qualified," or "non-qualified" on your statement.

Simple Flat Rate Subscription Subscription pricing strategies are frequently the best option for businesses.

In exchange for the direct cost of interchange, a monthly membership is paid. Essentially, no matter how much you process, you simply have to be concerned with the direct cost of the cards you've processed and a set membership fee.

There are a few other firms that use subscription-based pricing, but Stax is the only one that guarantees unlimited credit card processing with no hidden fees.

Contact one of our solution specialists today to discuss your current pricing model and how we may assist your firm in saving money.

Technology for Payment Processing

Every business is distinct, especially when it comes to payment acceptance. The technology you use to run your business is critical to its success, therefore it pays to thoroughly understand your requirements and find the best payment technology solution available.

Online Billing

For the vast majority of organizations, invoices are an integral aspect of billing. Many firms still use relatively manual techniques to prepare invoices, such as Excel templates. While this may appear tobe a cost-effective solution, the time spent preparing invoices and the lack of connectivity betweenyour data can be quite damaging.

Using technologies that can produce invoices for you is far more efficient. Online invoicing systems ensure that your invoice sequences are correct and that all items are correctly tallied. Furthermore, when coupled with platforms such as payment processing or accounting software such as Quickbooks, you will gain greater visibility into your company's finances.

Smart EMV Terminal

Physical credit card processing terminals are ideal for organizations that have physical locations. This is the solution for you if your clients are physically coming to you and swiping (or dipping) their cards. It is critical to note that whichever machine or card reader you use must support complete EMV and NFC technology. This means you'll be able to accept both chip cards and contactless payments such as Apple Pay.

Solutions for Mobile Payments

Mobile payment technology, which is ideal for the on-the-go business owner, can be a game changer for your company. Some firms can get away with merely a mobile solution, but the vast majority use mobile card swipers and apps to accept payments on the spot at trade exhibitions and field reps.

Shopping Cart Online

Payment gateways enable online shopping carts, which are important for any eCommerce firm. Even if you primarily operate a physical location, having an online store is a terrific approach to boost the visibility of your goods. Processing payments using an online shopping cart or online payments solution is simple, and usually takes a fast phone call to your provider to setup the payment gateway.

Point-of-Sale (POS) Software

Point-of-sale systems are devices that are used to assist in-store sales, and they are extremely important for restaurants and retail establishments. These are integrated equipment that have a computer monitor, a cash register, and a credit card processing solution. POS systems are available in a wide range of designs and sizes. Some POS systems run on PCs, while others can run on mobile devices such as tablets and smartphones. Make sure you do your research and select one with all of the necessary features for your specific business.

Terminal Virtual

A virtual terminal is a piece of software that allows you to accept credit cards even when the card is not

physically present. They are commonly utilized when accepting credit card payments over the phone. The merchant will enter the customer's payment details into the software rather than a physical card terminal.

API

A payment processing API is certainly the way to go if you require a particularly specific payment solution for your website or app. Some merchant services providers make their API technology available to developers for integration into their proprietary apps, making it the ideal online credit card processing solution for businesses that require additional customization.

Compliance & Security

Accepting credit cards puts you in charge of protecting your customers' sensitive information. Companies can ensure their security and compliance with industry standards in two ways: PCI and EMV compliance. Continue reading to find out what each of these terms implies and how your company can stay in compliance.

PCI DSS Compliance

PCI, or Payment Card Industry, is a set of rules put in place to secure consumers' sensitive information and guarantee sufficient security precautions are implemented at places that accept credit cards. Once a year, you must submit a short quiz to become PCI compliant.

If you are not PCI compliant, you may be charged a PCI non-compliance fee by the credit card companies themselves. This is not a cost linked with your merchant processor, which is critical to understand. Stax insures that all of our members are compliant within the first 60 days of joining us, allowing you to save the cost and keep your information secure.

To sum up

We invite you to let us assist you as you continue to learn and seek for the ideal credit card processing firm for your business.

Contact Stax today to explore how our cutting-edge technology, award-winning customer success team, and subscription-style pricing plan may help you take your business to the next level.

Category

1. Finance

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