Accepting credit and debit cards on your website

One tenth of the World's ever growing internet population shops online, representing a staggering 627 million people. And when it comes to payment, online shoppers are clear: 59% of Internet consumers surveyed use credit cards as their preferred payment method. Accepted virtually everywhere, credit cards offer online shoppers the ultimate convenience.

If you want to do business online, accepting credit card and debit card payments is a necessity. But an important decision needs to be made: should you process credit card and debit card payments directly or outsource payment processing to a
Payment Service Provider (PSP)?

What you need to do to directly process payments

From fraud liability protection to complying with security requirements, directly processing credit card and debit card payments isn't a straightforward proposition. If you want to directly process card payments on your site, you need to think about the following things:

- **Getting a merchant ID** – Before you can start directly processing credit card and debit card payments, you will need to get a Merchant ID from your bank or a third-party merchant bureau. A Merchant ID is essentially a license to accept credit card and debit card payments and to get it you will need to prove your financial stability and PCI security compliance.

- **Security requirements** – To get a Merchant ID, you need to be compliant with the Payment Card Industry (PCI) Data Security Standard (DSS). PCI DSS is a 12-point set of rules that covers all aspects of data protection, including network security, data protection, data encryption and security policy development

- **PCI DSS** – Compliance requires a significant initial investment in secure servers, firewall protection and security software, as well as ongoing maintenance and testing of security systems. It's well worth the investment since failure to maintain PCI security standards could result in the loss of card processing privileges.

- **Fraud risk** – Unlike brick-and-mortar businesses, online retailers must rely solely on "Card Not Present" (CNP) transactions. That is, transactions where the consumer does not physically present you with their credit card. These types of transactions are at most risk of credit card fraud since transaction success only guarantees that the credit card has not been reported as lost or stolen and that sufficient funds are available.

- **Financial losses** – Retailers who don't take measures to protect themselves from CNP fraud risk financial losses due to disputed transactions and chargebacks. Excessive chargebacks alone can result in hefty fines from credit card companies and/or the loss of your merchant account.

include age and address verification, security number check, contact customer follow-up and identity verification. Proper KYC is a risk mitigation tool, but keep in mind that it's only as effective as the business rules and systems you put in place to manage it.

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retailers choose to outsource payment processing to a third-party Payment Service Provider (PSP). PSPs act as a payment gateway for online transactions and handle all aspects of payment processing—from risk management and regulatory compliance to transaction processing and real-time reporting. For new merchants with a limited trading history, a PSP can facilitate the successful acquisition of a Merchant ID, allowing the merchant to build their own payment history over time.

Choosing a payment processor

Your payment gateway is a key part of your business so choosing the right PSP is critical to your success. From initial set-up support to flexible integration options that grow with your business, a PSP should provide your online business with the expert guidance, technical support, reliable service and flexible payment gateway solutions it needs. When choosing a payment processor, consider the following:

- Start-up turnaround – Getting started is what really matters in the competitive online retail world. Ask how quickly the PSP can get you up and running and find out what they offer in terms of set-up support.

- **Track record** – Check the PSP's track record for service reliability. Ask how long the company has been in business and check their reputation within the industry. The online retail industry has seen its share of payment processors come and go—sometimes overnight.

- **Regulation** – Protect your business and your customers by only working with a regulated PSP. Confirm their PCI certification status. Regulated companies are not only required to comply with PCI standards, but also with local legislative requirements and demonstrate financial stability.

- **Integration options** – Find out if the PSP supports your hardware and software platforms, including your shopping cart platform. Integration options typically range from simple browser redirect services to fully integrated, custom designed interface and applications.

- **Integrated billing and transaction** – Billing and reporting functions will allow you to streamline your internal accounting and inventory management processes. Transaction management tools will allow you to initiate key functions including authorisation, refund and completion of bills.

- **Technical support** – Your online store doesn't close overnight so your technical support shouldn't either. Ask whether the PSP offers 24/7 technical support for you and your customers.

- **Direct customer support** – The payment gateway is a key drop-off point for most online retail stores because no matter how well-designed the site is, some customers will encounter errors. Ask whether the PSP will handle general customer enquires to facilitate transaction success and minimise abandonment.

- **Cost** – Ask about the fee structure. What is the initial set-up fee? What are your monthly processing fees? Are there any hidden surcharges? Does the PSP offer volume discounts?

- **Scalability** – You need to find a payment solution that fits your business today and tomorrow. Ask your PSP how their payment gateway solution can grow with your business.

Outsourcing your payment processing to a PSP eliminates significant hassle and lets you focus on your core business. Even with no payment processing experience or a secure platform, you can accept credit and debit cards on your retail site in real-time. Your PSP should be there to offer you expert advice and technical support whenever you need it.

DID YOU KNOW?

- 59% of internet shoppers use credit cards as their preferred method of payment
- UK shoppers will spend £100 billion a year online by 2018, doubling the web's share of sales to 20%.
- Over 83% of consumers own a debit card

Web-Merchant Services Limited
www.web-merchant.co.uk

+44 (0) 845 475 3540
info@web-merchant.co.uk