

MERCHANT PROCESSING NEWS



June 2007

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PURPOSE OF THIS NEWSLETTER

It is my desire to both educate and assist business owners on the subject of "merchant services".

In previous newsletters I covered primarily what I would classify as "detail" information. This month's newsletter is geared toward "business practice" concepts.

HONESTY IS THE BEST POLICY



A true sales professional is thorough and invests a lot of time, effort and energy asking the business owner an abundance of questions so that a program can be developed precisely for that businesses needs. For this reason it is extremely important to reply with truthful, concise and detailed answers.

And as a note, most merchant service reps and companies provide "Welcome Kits". My advice is to read all the provided materials and ask questions.

COMMON MISCONCEPTIONS



I hear all too frequently that "I thought once I was approved for credit card acceptance I could accept a card for any dollar amount and for any product." This is far from what's allowed and can cause a business to be in some very hot water later.

Several years ago I helped a business establish an online account utilizing a [gateway and shopping cart](#). The business owner inquired numerous times clarifying exactly what items could be sold and I explained each time in detail. Less than 30 days after the account was active I received a call by the owner who was extremely agitated because the Risk Department had terminated his account. Upon investigation I found out that the merchant, whose account was originally set up to sell books & tapes at an average ticket of \$59, had sold an antique gun for \$1700. When I asked why he would attempt such a sale, especially considering our numerous talks - - his answer was, "I didn't think [they] would notice".

This is a common misconception as to the specificity of the products and / or services the

business documented it would be providing to their customers. I can not stress enough how important it is to provide full disclosure of the intended product information to the sales rep you are working with. More information is always better than less.

DOS AND DON'TS



Once a business owner receives a copy of their Merchant Agreement from their sales rep, the business owner should pay close attention to the numerous pages covering "Dos and Don'ts". A big "Don't" for example, informs the business owner that he/she cannot under any circumstances process their own card for more than \$1 (one dollar) - - which is allowable for "testing purposes" only. Any more than \$1 is considered laundering money and can result in a fine and / or jail time. The business owner would then be placed on the Combined Terminated Merchant File list (CTMF).

There was a business owner in Fresno, CA who purchased products for her children through her own store and charged over \$4000.00 on her "personal" credit card. When her processor became aware her account was immediately terminated and the business placed on the CTMF list.

In this particular example I determined that the business owner had not been adequately counseled and never given information from her bank as to Dos and Don'ts.

I took an interest in her dire circumstances, worked as her advocate and 3 months later was ultimately successful in establishing a new account for her business. But this is also a costly example of ignorance because, based upon her statement averages, it was estimated to have cost her \$150,000.00 in sales during the months without a merchant account. This business came very close to closing its doors.

Then there was the theatrical business owner in Jamestown, CA who decided to close for

several months during the off-season for renovations. Upon reopening they raised their ticket prices from \$6.00 to \$15.00. A marketing blitz advertised their "new look". The excitement surrounding their opening weekend was quashed right in the middle of it on that Saturday night. The merchant failed to communicate to the credit card processor the changed ticket price as well as the anticipated increase in sales volume.

Communication is vital and any change to the account is relevant to a healthy relationship with merchant services providers.

In these unique occurrences I feel fortunate to have been able to intervene. I truly made friends for life. But this is NOT the norm and I wouldn't recommend testing this strict industry regulation.

IGNORANCE IS NOT BLISS



As a business owner you need to scrutinize any and all documentation you are going to initial, sign your name or in any way authorize. If you are unsure about something you read then you have every right to question and to have it answered to your satisfaction. Make certain you receive your copy of any Merchant Agreements or other pertinent documentation that outlines what you can and can not do with your merchant services.

Next, make sure you receive copies of every agreement you have initialed, signed your name to or in any way authorized. Remember, it is ultimately the responsibility of the business owner to know what the rules are and to abide by them.

... more to come next month.

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