

MERCHANT PROCESSING NEWS



PURPOSE OF THIS NEWSLETTER

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

WHAT IS AN INTERNET GATEWAY?



CUSTOMER DRIVEN TRANSACTION

Internet merchants obviously work in a different environment than over-the-counter retail merchants. The transaction is not done face-to-face but is done without the actual card being present. This type of transaction is referred to as “card not present” transaction. You yourself may be familiar with shopping online. You arrive at a merchant’s site, browse the online store and add some items to your virtual shopping cart. When done, you check out and are guided to that part of the merchant’s site where you enter your card information and the transaction is completed – that system is called a **Gateway**.

March 2007

What’s Inside:

- Purpose of this newsletter.
- What is an Internet Gateway?
- What is a Shopping Cart?
- When do I need them?
- When would I need both a Gateway and a Terminal?

So, instead of the card being physically “swiped”, the customer enters necessary information which usually includes the card number, expiration date, billing address and the security code located on the back of the card. At this point all the transaction information is captured by the Gateway and sent to the processor for Authorization. The Gateway automatically closes the batch at night and sends all the transactions to the processor for settlement much like a POS Terminal. A Gateway is usually hosted on the servers of the company providing the Gateway services. The secure card information usually does not touch the merchant’s site but is directly entered into an encrypted page served up by the Gateway provider.



MERCHANT DRIVEN TRANSACTION

Another method in which a Gateway is used is called a “Virtual Terminal”. Some merchants take orders via phone or fax instead of, or in addition to, their website. In this case, the merchant logs into their Gateway and is able to enter the sale and card information themselves.

CERTIFICATION

When purchasing a Gateway, as with terminals, remember that Gateways must be certified to work on specific platforms.

Two of the most recognized Gateways are Authorize Net and IntelliPay. As a point of interest, in 1996 US Merchant Systems was the very first reseller of Authorize Net. In 1998 US Merchant Systems developed the IntelliPay Gateway which was later acquired by Pacific Webworks, Inc.

WHAT IS A SHOPPING CART?



Picture yourself arriving at a store, selecting a shopping cart and going down the aisles. You choose various items from the shelves and place them in the cart. Once you have selected all the items you want, you proceed to go to the checkout stand. The items are entered into the cash register, the method of payment is selected, the items are paid for and off you go.

The same principle applies to an Internet Shopping Cart. From an online store you browse for and choose the items you want to purchase and they are held in your shopping cart. When finished with your shopping, you indicate your intention to checkout by selecting the "pay now" button. Choices for methods of payment are given, pay the cashier (Gateway) and off you go. Instead of taking the items out to the car, they are delivered to your front door.

WHEN DO I NEED A GATEWAY AND A CART?

Before answering this question, I'd like to explain it, rather, with a true story. In 2001, I was packing up my office for the movers and I found a piece of paper behind my desk. It had 4 or 5 businesses with corresponding contact numbers and, for a few moments, I couldn't for the life of me remember what this was for. Then it dawned on me. I recalled a night web-surfing for an item and these were businesses that *did not* accept credit cards online. Ultimately, I found a website that accepted

online payments and I ordered the item and received it a few days later.

So I guess the best way to answer this is to list some questions you will need to consider:

1. Do you have a website that offers customers the option of buying products or services?
2. Do you have a mobile business where you go to businesses or residences to provide a service or product?
3. Do you accept orders via phone or fax where you never see the customer face-to-face?
4. Does your business have employees who go to remote locations to perform maintenance functions such as appliance repair, home repair, etc?

If you answered yes to any of these questions then I highly suggest you consider this method of accepting payment as an option.

FACT: Impulse buying is still the best way to increase the bottom line in your business.

WHEN WOULD I NEED BOTH A GATEWAY AND A TERMINAL?

I believe after reading and / or reviewing my previous newsletters you will come to an educated understanding for when you may need both a Gateway and a physical terminal.

WARNING: If more than 30 percent of your monthly credit card volume is "keyed" then most service providers consider the account to be classified as a "keyed" account and will raise your rates and fees accordingly.

NOTE: If you are still in doubt, I highly recommend a visit to our website to complete the "requested information form". I will work with you to personally design a program tailor made for your particular business needs thus allowing you full advantage of the wonderful technology available to you.

"I want to thank you in advance for allowing me the opportunity to earn your business."

... More next month ...

For more information and timely updates visit:
www.merchantprocessingnews.com