



KNOW HOW A MERCHANT ACCOUNT WORKS

As an online business owner and proprietor, you probably know how important it is to be able to offer your customers the ability to pay for your merchandise or services with a credit card. The ability to offer that service to them can significantly increase your revenue and your customer base. These days, shopping online has become a quick and convenient way to buy merchandise, and more and more consumers are turning to the Internet to make all kinds of purchases, from minor to major. And the vast majority of these shoppers prefer to pay for their goods with their credit cards. By opening an internet merchant account, you will be able to provide a convenient service to your customers that will keep them coming back to your business, while potentially exploding your profits.

Basically, a merchant account is set up through a bank or an online merchant account provider for a retail or online organization in order to accept credit cards as payment from customers. Traditionally, merchant accounts were only offered by banks and providers to retail businesses that were located in a physical location. With the huge success and increase in online shopping over the past several years, merchant account providers have turned that way in order to provide services to online merchants. Most banks still do not provide online merchant accounts, due to the constant concern over credit card fraud. However, there are an ever-growing number of online merchant account providers that offer services specifically to those business owners that market their products on the Internet. Because there are so many providers out there, it is important that you research all aspects of merchant accounts, especially the costs, so that your profits stay in your pocket. It is also important to find a provider that offers services to make being a business owner easier and less stressful.

There are several types of costs associated with opening and maintaining an online merchant account. Not all of the fees are necessary, and not all providers charge them. One type of cost is the application fee. This charge is to cover the costs of processing your application, whether you open an account or not. Some merchant account providers will waive the fee if you open an account. Some providers do not charge this fee at all. Another type of common fee is the statement fee. This is a monthly fee that can be as much as \$25 per month, and is purportedly imposed by the account provider to cover costs. The discount rate is a fee that the merchant account provider earns from each of your sales, usually between 2 and 4 percent. The fixed transaction fee is also based on each sale, but the provider takes the same amount no matter the cost of the product purchased, usually .20-.30. There is usually a termination fee included in the account contract. Because some providers require a commitment period of 2 or 3 years, this fee can apply if you choose to cancel your account before then. Finally, there are miscellaneous fees that are imposed on your account as well. Often, these separate fees are levied if a customer requests a refund, and wants the amount credited back to their card. This can be \$10-20. As you can see, there are many costs associated with an online merchant account. It is important to compare different providers in order to save yourself the money you have worked so hard to make. It's not a bad idea to use your current sales information to estimate the costs of your merchant account.

A relationship with a merchant account provider should be a long, trustworthy one. Your provider should provide you with an assortment of services that will make running your business easier. They should be able to accommodate several types of credit cards (Visa, Mastercard, Discover, etc.), as well as provide several payment alternatives, such as the popular PayPal. Your online merchant account provider should have a record of good service and customer satisfaction, as well as a reliable reputation. They should also have a reputation of excellent customer service providers. They should be able to help you with problems quickly and efficiently. A merchant account provider is a necessity if you want to make the most of your business by accepting credit card payment from customers. Your merchant account provider can make or break your business with its fees and service. That is why it is important to know all of the aspects of a merchant account, and choose your provider wisely.

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