

## Online Merchant Credit Card Account Comparison Worksheet

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**INTRODUCTION.** A key milestone for minority- and women-owned businesses is to set-up their Web sites to accept online payments. Having an online payment system offers several advantages to M/WBEs such as getting paid faster, increased sales, and establishing credibility with buying organizations.

However, trying to decide which online payment system to use is easier said than one. There are many different companies and terms that can affect your return on investment (ROI).

**PURPOSE.** This tutorial discusses how to use the “**Online Merchant Credit Card Comparison Worksheet**”. The worksheet is designed for small, minority- and women-owned businesses to do side-by-comparisons of the various terms and conditions offered by the many different credit card processors.

**TERMS.** There are a few key terms that you will need to know when using the comparison worksheet:

- Merchant Account Provider. A special bank account that enables your business to accept payments by credit cards. Credit card payments can only be processed through a merchant account.
- Credit Card Processor: Obtains authorization and approval for all credit card transactions and deposits these monies into your business checking account.
- Gateway: A secure connection between your company’s Web site shopping cart and the credit card processing bank. For example, AuthorizeNet is a secure online payment gateway. The gateway makes sure all credit card transaction data gets to the credit card processing company, e.g., FirstData and Paymentech.
- Shopping Cart. Programming language (software) used to take secure and process online orders from your company’s Web site.

**WORKSHEET STEPS.** The steps for using the comparison worksheet are:

1. Determine what goods and/or services you want to sell on your Web site.
2. Analyze the type of situations (scenarios) you expect for your customers when buying online.

3. Set up a spreadsheet that compares the credit card merchant account providers to the cost of their services (please see example worksheet below).
4. Contact the merchant account providers to complete all sections of the spreadsheet by calling them and/or reviewing their Web sites.
5. Estimate your company's average transaction amount and average monthly transaction values.
6. Once you have all the set-up and credit card processing discount rates and fees, calculate the expected costs against the expected revenue. You need to do this for each merchant account provider to determine the lowest cost provider. This of course is not necessarily the only criteria for deciding on a merchant account provider. Such things as time in business, industry knowledge, references, and interpersonal "chemistry" should also be considered.

You may also be asked to provide information from the merchant account provider such as tax returns, business license, cancelled checks, and/or driver's license. Once the paperwork is received, it normally takes about 4 to 5 days to process your application and set up your merchant account.

**SUCCESS TIPS.** In addition to the above steps, below are some tips that will help you make the best decision about which online credit card processors to use:

- **Comparison Shop.** There are many Web credit card processors out there so you need to comparison shop. One way to cut through the clutter is to ask your customers, partners, and/or fellow M/WBEs about which processors they use – and why. Some credit card processors offer additional services such as Web development, site hosting, online marketing, etc. You should also ask about these services.
- **Life Cycle Costs.** Upfront set-up costs and monthly fees are only part of the equation. M/WBEs need to look at the long-term costs to determine when they will break even. Small changes in the discount rate can affect the ROI. You should also note there are different fees for "qualified", "partially qualified" and "non-qualified" accounts. You need to determine which group your prospective customers fit to help determine your costs and ROI point.
- **Refund Policy.** M/WBEs need to ensure their merchant information is prominently displayed on their Web site. It's also a good idea to have a refund policy. Having these items is also required by some credit card processors.

- **Global Considerations.** Since the Internet is a global media, you need to ensure your site can accept payment in other currencies.

You should also be careful about “bundled” merchant accounts that include shopping carts, services, etc. They can usually be purchased independently of each other at a much lower cost.

**SUMMARY.** Accepting online credit card payments is a big –and often necessary – step for minority- and women-owned businesses. However, the long-term benefits can be substantial.

The “comparison worksheet” makes it easier to do side-by-side comparisons of the various cost & service packages offered by Web credit card processors. The worksheet provides a basis for companies to do “total cost” analyses to determine when you will get a return on your investment.

NOTE: E-MBE.net processes its credit cards transactions through [www.practicepaysolutions.com](http://www.practicepaysolutions.com)

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Online Merchant Credit Card Account  
**COMPARISON WORKSHEET**  
 Date: \_\_\_\_\_

<b>DISCOUNT RATE (FEES)</b>	Credit Card Processor A	Credit Card Processor B
Visa		
MasterCard		
American Express		
Debit Cards		
Electronic Checks		
Transaction Fee		
<b>FEES</b>		
Start-Up		
Monthly Statement		
Minimum Monthly Processing		
Shopping Cart		
Annual Membership Fee		
Equipment		
Other		
Cancellation		
<b>CUSTOMER REQUIREMENTS</b>		
Driver's License		
Voided Merchant Acct. Check		
Personal Tax Returns		
Prices & Refund Policy		
Home Page of Web Site		
Business License		
<b>CUSTOMER SUPPORT</b>		
Shopping Cart Set-Up		
Hours		
Phone / E-Mail		
<b>OTHER CONSIDERATIONS</b>		
Certification with Major Credit Card Processors		
Customer Database		
Custom Reports		
Hardware (e.g., Card Swiper)		
Money-Back Guarantee		
Fraud Protection		
Phone-In Payments		
System Requirements		
Batch Processing		
Installment Payments		
Scalable (Can Grow)		
Multi-User Option		
Days for Payment to get Posted		
International Payments		
Other Services		
Demonstration Version		
<b>COMPANY INFO</b>		
Location		
Contact		
Clients		
Referral		
Web Site		
E-Mail		
Years in Business		