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Benefits of Hiring Online Payment Processing Companies to Detect Fraud by Anthony Taylor

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For prolonged periods of time, banks dictated the terms in offering online payment processing services to merchants worldwide. In other words, they provided businesses with merchant accounts. Banks were initially performing all the tasks themselves, such as maintaining separate merchant accounts, putting up the processing platforms, and managing the approval and connections to the key credit card establishments. With the passage of time, they charged the online merchants with more and more processing rates since they perceived themselves the only player in the industry.

Finally, the demand for third-party online payment processing companies came up because banks understood that carrying out everything from start to finish was not yielding profits for them due to its growing complexity and occurrence of fraud. They also realized the importance of credit card fraud detection in the new scenario. Banks still play a significant role as far as processing online payments is concerned. You can still create a merchant account through your nearby bank. Nevertheless, conscious business owners carefully look at all the available alternatives before determining whether to own a merchant account with their bank or with a reputable third-party payment processor.

Following are certain things that a third-party service provider can offer you and your bank may or may not offer.

When an online payment is done through a credit card, a processing company performs the role of an interface between the merchantâ€™s bank and the issuing bank of the customer. It ensures that every transaction is authorized against the buyerâ€™s credit limit, diverts the request to the apposite card association like Visa, MasterCard, or AMEX, and receives and transfers deposits in batches for every merchant day by day. All third-party processors need to be certified and associated with the leading credit card establishments so as to carry on business.

Third-party online payment processing companies offer services that keep an eye on transactions for credit card fraud detection. This monitoring feature involves a processorâ€™s software program that blocks all the suspicious transactions to thwart credit card fraud.

A chargeback takes place when an error comes forth while filling out the transaction information, when a product or service is delivered to the customer not as ordered or spoiled, when a buyer didnâ€™t receive a product or service he/she made payment for, or when an identity theft occurs by stealing the credit card data and using it to make deceitful purchases. Whether it is the fault of the merchant or the customer, a chargeback must be settled and it is the responsibility of the third-party processing company to settle it.

Chargebacks carry a high level of risk and there is the possibility of a processor or bank suffering a huge loss of money because of their merchantâ€™s faults. For this reason, a prestigious merchant service provider has a risk department that appraises whether a business owner must be given approval for a merchant account, taking into account the fraud risk and chargeback.

Apart from playing a role in authorization, credit card fraud detection, and chargeback, a third-party payment processor is also able to clear transactions after authorization. When a transaction occurs, the merchant doesnâ€™t obtain the sales amount right away. It needs to pass through several stages like authorization, exchange, and approving from the banks. A processor will wind up all these activities within a specific time period like 2-3 days, so that the merchants will receive a deposit in

their bank accounts quickly.

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Anthony Taylor is an expert in Internet security issues and has been associated with AlgoCharge, which is one of the leading online merchant services for a credit card fraud detection. The company offers an integrated solution to a online payment processing, bank transfers and other alternative payments using advanced algorithms.

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