ECommerce Merchant Accounts â€“ What to Watch For

by Jim Romanik

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A major component of online event registration is credit card processing and itâ€™s not always easy to fully understand all of the different fees and terms various providers offer. One of ePlyâ€™s partners, Caledon Card Services, has provided the following article to help explain what you might encounter.

There are many important factors in putting on a successful meeting, conference or event including making sure you have a cost-effective program for accepting Visa and MasterCard.

Most merchants deal with their bank for the initial set-up but often end up switching providers as the industry is becoming increasingly competitive putting downward pressure on pricing.But before switching providers it is important to make sure all of the costs associated with the new offer are understood so as to avoid cost â€˜surprisesâ€™.

Part of the change that the industry has under gone in the last five to ten years is a move away from a single price driver â€“ discount rate to a model that makes use of multiple price drivers.The new model can make it difficult to really understand what is important when it comes to pricing.

Typically the new model is sold with a too-good-too-be-true discount rate while the merchant potentially ends up overpaying on the other fees.Because of this it would not be unusual for a merchant to end up saving only a nominal amount of money despite paying a substantially lower discount rate with their new provider.To effectively compare competing offers merchants need to focus on the monthly or yearly costs and not the individual pricing components of the offer.

Once a merchant has a real understanding to the costs involved with switching to a new credit card provider the next step is completing the necessary paperwork and signing the Agreement. Prior to signing the new agreement a merchant would be wise to make sure there arenâ€™t any â€˜hiddenâ€™ fe the agreement.Some providers charge a fee to change a bank account or mailing address while others charge prohibitive cancelation fees. If also entering into a lease agreement make sure the end of lease procedures (and costs) are understood.

It often makes a lot of sense for a merchant to change providers as the savings can be substantial but proper due diligence is required. A confident sales rep will spend as much time as required to explain the how they have priced the account so donâ€™t be afraid to ask questions. And remember discount rate is now just a part of the costs associated with accepting credit cards.

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