High Risk Merchant Accounts and Its Safeguards by Julia Roger

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There are many online businesses in several industries that are considered as â€˜high riskâ€™ by banks and financial institutions. This is because these businesses are at higher risk of being exposed to fraud and payment reversal. In these cases, banks and financial institutions offer high risk merchant accounts rather than normal accounts. Those businesses that are categorized under high risk can include online pharmacies, adult content websites, telemarketing merchants, gambling, e-wallet, online dating services, auto booking, auctions, and travel merchant businesses.

Why are these businesses warranted as high risk? The main reason is because these businesses have a very high turnover with a large volume of sales. There transactions can be for a purchase, single time view of content or recurring payments such as a monthly membership fee. In all of these instances, there is a great degree of risk of fraudulent acts and payment reversals. This means that the bank or financial institution will inevitably be loosing money so they charge very high rates. In the case that a high risk merchant account is needed, business will opt for an high risk offshore merchant account that will give them the same facility with a lower rate.

When attempting to obtain high risk merchant accounts, there are a few common necessary requirements from the bank to ensure security of their funds. First, they need to ask the account holder to keep a minimum deposit of 10%, which may be withdrawn after 30 to 180 days (normally for offshore accounts. It is called a reserve..Although some domestic accounts may require a reserve it depend upon credit rating and type of products or services) As another safeguard the banks also allow delayed settlement. These accounts may or may not be interest barring, depending on the financial institution.

When choosing a merchant account provider, be sure to obtain more than one quote so that you can find the lowest rates for your business.

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For more information on a high risk merchant accounts, check out the info available online; these will help you learn to find the a high risk offshore merchant account!

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