The Role of Issuing and Acquiring High Risk Merchant Accounts by Julia Roger

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There are many businesses today that that are categorized as â€˜high riskâ€™â€•. In many of these businesses, it has been seen that there are greater chances of chargebackâ€™s, fraud, or payment reversals. In such scenarios, the banks become liable and they can lose a good amount of money. In such cases, some banks offer high risk merchant accounts with high fees and rates.

The businesses that are offered these high risk accounts are adult content business, travel agencies, auto booking, pharmaceuticals, collection agencies, online gambling and many more. Due to the high volume of transactions, there are more instances of payments being made with stolen credit card information. In this case, the issuing bank will most likely get a chargeback for the faulty party. So to provide maximum security of funds for the acquiring bank, they will often times require a payment processing contract stating that the bank is not responsible for any issues including the integrity of funds. The payment settlement can be delayed in such scenarios and the account holder may needs to maintain a reserve fund of 10% or more with the banks for a period of 30 to 180 days.

There are a good number of high risk merchant account providers who operate onshore and offshore. These banks and financial institutions have different rates and different mechanism for these accounts. It is always better to ask for quotes from both onshore and offshore providers for the simple reason being you may miss the lowest deal otherwise. It is also possible to negotiate the account charges and ask for interest on the deposit. Choosing well can save you a lot of money.

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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 merchant account providers!

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