

HOW TO SECURE A MERCHANT ACCOUNT

You can seriously increase your orders by accepting credit cards as payment. It's easy and convenient for the customer, and that makes it more likely for them to order. The only problem is that it's hard for a business, especially a small mail order business, to gain the ability to accept credit cards.

Banks are very reluctant to authorize credit card acceptance, mainly because they have been burned too many times by fraudulent businesses. So, many businesses go on, accepting only checks or money orders for payment, and miss out on the added sales they would get through credit cards. There is a way, though, for businesses that can't get bank authorization to accept credit cards.

The easiest way to get a merchant account is to work with an Independent Sales Organization (ISO), which acts as a middleman between small businesses and banks. They will charge an additional fee for each transaction, so you will be paying a bit more than the standard percentage charged for credit card transactions. There will also be an application fee. Here are the typical charges to expect, as of this writing.

Application fees: Usually, these range from \$95 to \$400 and may or may not be refundable.

Point of sale terminal purchase or lease: The terminal you use to process the charge and check for fraudulent numbers is usually available from a bank for around \$300. You will only be able to get this price, though, if a bank authorizes you. If working through an ISO, prices will range from \$400 to even as high as \$1500! You can usually lease the terminal, though, at an average of \$45/month. The best thing to do, though, is to find an ISO that will provide computer software that can be used in place of a terminal. This will usually cost only around \$150.

Concerning service fees: Banks charge between 2% and 5% for processing a credit card purchase. ISO's charge higher, usually 3% to 7%. They also usually charge a per transaction fee of 20 to 25 cents, and a monthly statement fee of \$5 to \$10.

Why all these fees? ISO's only want to work with legitimate businesses and ones that will stay with them for a long period of time. If a business can afford these fees, they are considered less of a risk. Thus, the important thing to do is to shop around for an ISO. Get as much information as you can about each ISO you are considering, and READ it thoroughly. Look for hidden charges and unreasonable requirements.

Here is a list of some of the ISO's you may want to consider. This is not an endorsement of any or all of them, these are just the most prominent ones.

Bancard, Inc., 1233 Sherman Drive, Longmont, CO 80501 (800) 666-7575

Data Capture Systems, 231 Quincy St., Rapid City SD 57701 (605) 341-6461

Electronic Bankcard Systems, 2554 Lincoln Blvd., Suite 1088, Marina Del Rey,
CA 90291 (213) 827-5772

Gold Coast Bankcard Center, Ft. Lauderdale, FL (954) 492-0303

Harbridge Merchant Services, 681 Andersen Dr., 4th Flr., Bldg. 6, Pittsburgh,
PA 15220 (412) 937-1272

Teleflora Creditline, 12233 West Olympic Blvd., Los Angeles, CA 90064
(800) 325-4849

US Merchant Services, 775 Park Avenue, Huntington, NY 11743 (516) 427-9700

A final word: All of these services will require you to fill out an application. Be 100% truthful with everything on the application and don't let the representative talk you into putting any incorrect information in the application.

The reason is, if the banks affiliated with the ISO you use were to find out that any information on your application is false, you would probably be immediately cancelled and your business name and address would go on a "black list."

This would prevent you from being able to accept credit cards for an indefinite period of time. Don't let this happen to you. Most of the ISO's out there are legitimate, but there are a few that may put down spurious information, rather than lose the fees they'd receive. Be sure to look everything over twice. If you do, you'll probably find an ISO that will work with you to expand your business through the acceptance of credit cards.