

Payment Processing and Your E-Commerce Site

Setting up payment processing is an involved process that involves many parties and steps.

Who is involved in payment processing?

- **The Issuer:** Your customer's bank or institution that has issued a debit or credit card to them.
- **Your Customer:** The person who is ready to buy something from you.
- **You:** The fabulous business that has qualified to accept credit or debit cards as payment.
- **The Acquirer:** Your bank or organization that is licensed as a member of Visa and/or MasterCard. After establishing a relationship with you, they receive all your bankcard transactions.
- **The Processor:** A third-party organization that provides authorization and/or clearing and settlement services on behalf of Issuers, Acquirers, and you. (Sometimes called a Payment Gateway).
- **Cambria:** We build your web site and integrate it with your Acquirer and Processor's specifications.

What is involved in payment processing?

- **Step 1 – Acceptance:** The credit cards and/or debit cards that you can accept from your customers vary according to the specific services your Acquirer and Processor provide.
- **Step 2 – Authorization:** When your customer is ready to make his/her purchase, your site will contact the Processor for authorization. The Processor's data center contacts the card's Issuer and retrieves the customer's account information. If the card is valid and the customer has sufficient credit, the Processor authorizes the transaction and returns an approval code to the your site. If the card is not valid or the Cardholder is over his credit limit, the Processor declines the sale and your site will ask for another form of payment.
- **Step 3 – Purchase:** After receiving authorization, your site records the sale and either emails your customer a receipt or displays one that they can print out.
- **Step 4 – Submission and Deposit:** As transactions occur, the Acquirer essentially buys your credit/debit card transactions and credits their value to your account, minus a processing fee, which is sometimes called the "discount rate."
- **Step 5 – Settlement:** In turn, the Acquirer collects payment for transactions from the Issuers of each individual customer. This settlement is carried out through a network of Processors called "interchange." The Acquirer pays each Issuer an interchange fee. The Issuers then bill their customers for the amount of their charges.
- **Step 6 – Chargebacks:** A transaction that is challenged by a customer or Issuer and is sent back through interchange to the Acquirer for resolution is called a "chargeback."

How do you get started?

- **Decide which Acquirer you want to work with:** Different banks have different fees for setting up and maintaining an Internet Merchant Account. Talk to your bank's Merchant Service department and ask them about how you can set up an Internet Merchant Account and all of their fees and percentages. You may want to shop around for rates. Manual transactions have cheaper fees, but are a lot more work for you. We can talk more about this if you are interested.
- **Decide which Processor you want to work with:** If your Acquirer is a large bank, they oftentimes have their own Processor. This is usually cheaper than going with a third-party system like VeriSign or Authorize.Net.
- **Make sure we can work with your Processor:** Talk to us before you sign on the dotted line! Although we haven't found a Processor that we haven't been able to work with, we will read their developer's guide to make absolutely sure. We will also let you know how expensive it will be for us to set up your system with each Processor.