Your Guide to
Merchant Account Basics
If you want to accept credit cards at your business, you need a merchant account. Small mom-and-pop shops. Individual product or service providers. Big box chain stores. All businesses.

**What is a Merchant Account?**
A merchant account is the single most cost-effective method for accepting credit and debit cards from your customers or clients. Simply put, it is a business arrangement between you and a credit card processor that allows you to accept electronic payments for merchandise and services. The credit card processor deposits the proceeds into your bank account. This account should be completely separate from all other bank accounts that you own.

There are two basic types of merchant accounts. One for card-present transactions where the credit card and cardholder are physically present at the time of the sale. During card-present transactions, the card is swiped or dipped into a credit card terminal. An example is traditional retail sales. The second is card-not-present (CNP) transactions where neither the card nor the cardholder are present for the sale. CNP is typical in e-commerce or MOTO (mail order/telephone order) sales.

Some merchants or service providers need more than one merchant account, especially if they have diversified their business and transact both card-present and CNP sales.

“A merchant account is the single most cost-effective method for accepting credit and debit cards.”

**Setting Up a Merchant Account**
To obtain a merchant account, you’ll need to fill out an application with a credit card processor (also referred to as a merchant account provider or merchant services provider). Once the merchant account is approved, the processor equips you with the products and services you need to accept credit cards, including hardware and software.

**The Role of the Credit Card Processor**
The credit card processor acts as an intermediary between you and the issuing bank during all payment card transactions. When the issuing bank authorizes a customer’s transaction, the transaction amount is held by the bank against the customer’s account.

At the end of the day, you settle all your transactions in one batch with the processor, who forwards them to the issuing bank. The bank releases the funds to the processor. The processor deposits them into your bank account, typically within two business days.
When setting up a merchant account, it’s best to use a credit card processor like TSYS® with decades of trusted payment expertise. TSYS delivers the products and services that merchants need.

Choosing your Merchant Account Provider
This can either be an overwhelming experience or a smooth one. Here are some tips to help you make a well-informed choice that best serves your business and budget.

• Check out their track record. How long have they been in business? Are they technically competent? Do they provide software and hardware training? Can they provide recent credible references? Do they have BBB complaints? What pops up when you do a Google search?

• Look into their customer service and support program. What do current and former customers have to say? What are their customer service hours?

• Compare fees. Do they seem reasonable and affordable to you? Suspect any that offer deceptively low rates. Short-lived “teaser” rates that spike, along with hidden fees, can cost you.

• Talk to the sales rep about fees. There are many rates and fees involved with credit card processing. Question each fee, find out why it’s charged and what you get in return for your money.

The Next Step
Now that you’ve done your research, choose a merchant account provider with a proven track record who meets your technical needs. One with years of trusted expertise, thousands of satisfied clients, world-class customer service and reasonable fees.

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