

Merchant Account Comparison - More Than Meets the Eye

Contributed by Andy Lax
Thursday, 12 March 2009

It is vital to exercise your due diligence when setting up a new merchant account, and engage in a comprehensive merchant account comparison. While you may use several criteria for your evaluation (including company reputation, years in business, etc.), it is particularly important to accurately compare each vendor's fee structure. Become acquainted with ALL associated rates to make a truly informed decision.

Recently, I received a copy of a merchant's credit card statement, and he encouraged me to perform a merchant account comparison, outlining the amount of money that our company could save him if he utilizes our service. Apparently, he asked a group of our competitors to participate in this type of exercise as he neatly created a chart listing the rates that were quoted from each credit card processor.

But while a fee structure was listed for each company that was vying for his account, ALL the rates were not listed. Of great importance, for example, was a missing non-qualified transaction quote. (Transactions, particularly ones that transpire over the Internet, are downgrading to the non-qualified category with greater frequency. The use of rewards cards is largely responsible for the proliferation of non-qualified transactions so this fee is crucial to know when weighing offers.)

I was not sure if the merchant did not list it because he thought it was unimportant or because the other merchant account providers did not disclose it. But the absence of such information makes any merchant account comparison meaningless.

Similarly, other fees were conspicuously not present as well: The batch, AVS, Watts, gateway, and voice authorization fees should have been noted but were not indicated on the chart. Even the chargeback and retrieval request rates were missing, although it's possible that such fees may never be assessed. (For a comprehensive discussion of credit card processing fees, please visit the link, [Merchant Account Fees to Know so You Won't be Nickle and Dimed](#).)

Still, a merchant account comparison is not complete unless all associated credit card processing rates are compared. It is impossible to draw an intelligent conclusion if one is only seeing a partial picture.

I just read a book with my youngest son where the main character does not know that the end drawing is an elephant because when he looks at it from different vantage points, the picture looks like something else. So, as you look around at various merchant account providers, consider the entire fee structure and not just part of it. This is the only way to compare merchant accounts and avoid a "white elephant";

Another question comes to mind when weighing diverse merchant account proposals: Should rates be the only determining factor? This is a question that each business owner must ask himself/herself. Perhaps finding an ethical merchant account provider — one that engages in a full disclosure of rates and its company's policies and procedures -- needs to be part of the decision making process. Of course, one is doubly fortunate if such an ethical merchant account provider also offers the lowest rates.

Business owners may embrace other criteria when evaluating merchant account companies: Email and/or telephone responsiveness, reputation of the company, number of years that they've been in the merchant account field, etc. may all be factors that are taken into consideration.

But the #1 criterion when comparing credit card processors concerns rates so it's best to assess ALL rates, and make a fair and prudent "apples to apples" decision at the conclusion of your merchant account comparison.

###

Andy Lax is an Account Manager at IntelliCollect, a merchant account provider that enables business owners to accept credit cards and electronic checks.

His sole business objective is to provide affordable and reliable payment processing programs with concomitant exemplary customer service. Please visit his site, <http://www.intelli-collect.com>, for more information on available credit card and check services.