

Does Your Business Process Credit Cards the “Old Fashioned” Way? Inside Self Storage Magazine Article May 2006 By Claudia Miller, President, C&A Solutions, LLC

Processing credit card transactions the “old fashioned” way through a conventional retail merchant account and/or a credit card machine could be costing your storage business money in unnecessary fees and be putting your business and your customers’ security at risk.

The "old fashioned" way of setting up a conventional retail swipe merchant account for your storage business and the method you use currently to process your customers' credit card payments may not take into consideration that in the storage industry many of the credit card transactions are NOT face-to-face swipe transactions and therefore will cost you more as you pay non-swipe fees.

In addition, processing credit cards through a credit card machine by keying in the recurring monthly transactions may be putting your business at risk by not taking the necessary security measures that your business should and is required to follow in order to fulfill the security guidelines for handling and storing credit card numbers thus providing the required protection for the cardholder’s data.

Today it is important that your merchant services provider be flexible in designing merchant accounts to meet the type of credit card transactions (swipe vs. non-swipe) that your specific storage business runs - merchant accounts that also strongly take into consideration the way you are processing the transactions - whether through a credit card machine, a kiosk, management software payment modules or a payment gateway or any service provider that stores, processes, and/or transmits cardholder data as a part of a payment transaction.

For example, with the innovative kiosks, payment gateways and management software payment modules available today, you can virtually eliminate the expense of purchasing a credit card machine altogether which eliminates the tedious job of manually entering the credit card numbers into a machine for recurring monthly credit card payments. This helps you eliminate the risk your business has in storing cardholder data, in addition it provides your business with a way to insure that all cardholder data is encrypted and creates a database so recurring monthly credit card transactions will process automatically.

To further insure that your business and your customers feel confident every time they pay, **it’s important that your service provider be Payment Card Industry (PCI) compliant** to provide your customers with assurance that their credit card information is safeguarded. PCI is the Card Associations (Visa, MasterCard, American Express, and Discover) program for jointly managing cardholder security. Previously you had to be in compliance with multiple sets of rules, now you can look to one set, PCI, for guidance. You can view VISA’s overview at http://usa.visa.com/business/accepting_visa/ops_risk_management/cisp.html?it=search

It’s important that you as a business owner know what percentage of your transactions are swipe transactions where you physically swipe your customer’s credit card for payment compared to the percentage of your transactions that are keyed in or non-swipe.

Many owners are not aware that the non-swipe rates in a conventional retail swipe merchant account are substantially higher than the non-swipe rates in a MOTO (mail order/telephone/online) or non-swipe merchant account and that it is possible to be set up with one or the other or BOTH types of merchant accounts based on your business needs. You have a choice!

A conventional retail swipe merchant account can appear to have very attractive rates and it is easy to focus on those lower swipe rates - not realizing that the non-swipe percentage fees may be the ones that you will be paying most often.

There are TWO ways that credit card merchant accounts can be set up based on the method of processing you use and the percentage volume of swipe and non-swipe transactions you have:

First, with credit card transactions for retail swipe merchant accounts (when 51%-100% of your transactions are swiped) the card is present at point of purchase. This is the type of merchant account you would need for processing through a credit card machine, a Kiosk or a mini swipe card reader that attaches to your PC.

Second, credit card fees for MOTO non-swipe merchant accounts (when 50%-100% of your transactions are KEYED) are designed for businesses that will not be doing many swipe transactions at the point of sale and use payment gateways or management software payment modules to process recurring monthly credit card payments or take payments by phone.

Unless you sell a lot of moving supplies, generally a storage business will be processing a greater volume of non-swipe transactions than swipe transactions.

By setting up TWO merchant accounts – Retail and MOTO non-swipe - you will get the lowest non-swipe rates available. In addition, many merchant accounts are designed to default to AVS (Address Verification System) – a service through which the merchant verifies the card member's address and further lowers the risk of the transaction which can mean lower fees for your business.

In summary, you have a choice –the method you want to use to process your customers' credit card transactions to provide increased security for you and your customer and the type of fees that you pay. A retail swipe merchant account can be set up for processing point of sale transactions through a credit card terminal, a Kiosk or a mini card reader attached to your PC and the MOTO account for any non-swipe transactions you do for payments by phone or recurring monthly payments so that overall you benefit by receiving the lowest fees no matter what type of transaction you do.

C&A Solutions, LLC offers a full suite of Electronic Payment Solutions: Virtual Terminal Payment Gateway features Side-By-Side ACH/Credit Card Processing for Recurring or One-time Payments; Automatic Bank Drafts; Credit/Debit Card Services; Online Payments – Checks and Credit Cards; Payment Kiosk; Point of Sale Electronic Check Conversion; Phone Checks; ARC-Accounts Receivable Check Conversion; Electronic NSF Recovery.

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