

What is a merchant account?

A merchant account gives a business the ability to accept credit cards as payment for the company's goods and services. This provides your customers with an extremely popular payment option, beyond cash and checks.

Studies have shown that merchants can typically increase their business by 50% to 80% or more-sometimes even hundreds of percent. Plus, customers are more willing to purchase higher-cost goods using a payment method that offers them repayment flexibility. It is projected that by 2002, credit card transactions will account for 98% of Internet sales, equaling \$55.6 billion.

Innovative Merchant Solutions of PCG Inc., specializes in setting up businesses of all types throughout the country with merchant accounts and credit card processing solutions. Whether you need a retail merchant account, Internet merchant account, or mail/phone order merchant account we have a cost effective merchant account solution that is right for your business. Our merchant account rates are some of the most competitive processing rates in the industry.



How do merchant accounts works?

How it works with retail or swiped accounts:

- Step 1. A Customer provides your business with a non-cash payment, such as a credit card, for a purchase.
- Step 2. A transaction then occurs by either swiping the credit card or manually entering the credit card information into the terminal.
- Step 3. An electronic transaction occurs through your credit card terminal which either approves or denies the transaction payment. If approved, your credit card processing service will credit and deposit money into your bank account the amount of the transaction within 2 to 3 days, less any fees (discount rate and transaction fees) per transaction.

How it works with internet accounts:

- Step 1. The consumers complete their orders via the merchants web store. This should be done on a secure web page so that the consumer's personal information including banking information (credit card or check) is encrypted so that it can't be intercepted and read by third parties while being transferred over the internet. *Secure pages should always be used while handling credit card processing online.*
- Step 2. The shopping cart program on the web host computer gathers the order information, compiling it into a form that the credit card processing company expects.
- Step 3. The shopping cart transmits the formatted order from the web host to the credit card processor (payment gateway). The credit card processor checks that the information it received about the order to be sure it has everything it needs to continue processing the transaction. It then determines what company manages the customer's credit card and transmits a request for the card to be charged.
- Step 4. The customer's credit card company validates the card and the account. If everything checks out correctly and the credit card is clear for purchases the credit card company sends an acknowledgement back to the card processor that the amount requested can be transferred. If the credit card company denies the charge it sends a code back to the credit card processor indicating what the problem was.
- Step 5. The credit card processor now tells the shopping cart program at the web host whether or not the transaction was successful (the shopping cart then can tell the customer whether or not the order was complete and send the order on to the merchant for delivery of the product or service). The credit card processor initiates a funds transfer (settlement request) to the merchant account company for deposit into the merchant's bank account that it has on record.
- Step 6. Internet merchant accounts collect the funds for a specified period of time and make scheduled transfers to the merchant's regular bank account and the credit card processing transaction is complete.

