


Guide to choosing the

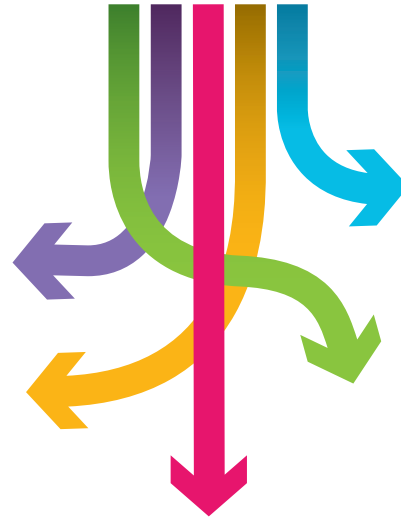
RIGHT PAYMENT GATEWAY

For Your Website



A decorative geometric pattern in the top-left corner, composed of various colored triangles (yellow, green, blue, red, pink) arranged in a fan-like shape.

This **guide** is designed to inform you of the various **different payment options** for your website, and the advantages and disadvantages of their various features **to enable you to make an informed decision** when choosing your payment gateway. There is no overall best payment solution - it is about **choosing the one** that best meets **your requirements and expectations**.



How Payment Providers work?

A payment provider is the solution that links your website, the customers bank and your bank. The solution allows you to clear funds from your customers bank to your bank in exchange for their purchase.

A customer typically use a cart or order form on your website to calculate the order value. From there the website carries the amount to the payment provider. The customer is prompted for their card details, the transaction is processed and either approved or declined. The Payment provider will then let you know the outcome of the transaction and you can send an order acknowledgement to the customer. Payment Providers have a control panel where yu can see transaction reports, change settings and issue refunds.





Whats all the JARGON?

We have explained a few terms to help you get an understanding of some of the options:

INTERNET MERCHANT ACCOUNT:

A Merchant Account is a specialist type of bank account that allows organisations to accept payments from debit or credit cards. This is mainly used for offline credit and debit card processing through a credit card terminal. An Internet Merchant Account is a separate account that allows transactions to go through from online transaction and is linked to a Payment Solution Provider.

INTERNET MERCHANT NUMBER

This is an account number for your internet merchant account. It is a unique number just like your bank account sort and account number. Like your bank account your Internet Merchant Number is associated with a particular bank or finance provider.

PAYMENT SERVICE PROVIDER:

This is a commercial company that clears debit and credit card payments in real time and transfers funds from the customers account to your Internet Merchant Account. They provide software payment solutions usually for online shopping. Many payment providers have a range of payment solutions for online, offline and mail order.

MERCHANT SERVICES:

This is usually a department of a bank, finance organisation or payment provider that can provide you with a Merchant Number and Internet Merchant Account.

TRADITIONAL PAYMENT PROVIDER:

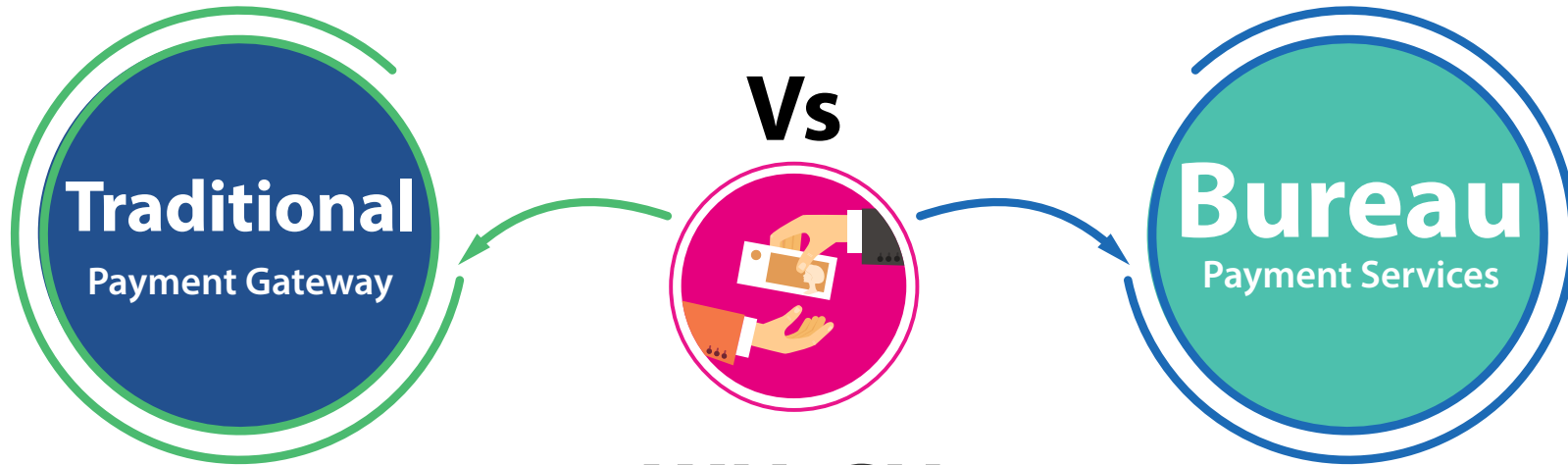
This is a payment provider that will require you to acquire your own Merchant Number. You would apply for a merchant number with your bank and then set-up an account with the traditional Payment Provider. If you are a new business or your business model has high risk* then the Merchant Services may not give you an account or they may charge you a much higher percentage. Examples of the main Traditional Payment Providers in the UK and Ireland include; SagePay, World Pay, Secure Trading, Realex and Payment Sense.

**if you are running an event or subscription service where payment is required a long time in advance of the exchange of goods or services then you will be taking money up front. If you do not fulfil your service obligations then the bank is liable therefore their risk assessors may not approve you or may require other security.*

BUREAU PAYMENT PROVIDER:

This payment provider tends to bundle the Merchant Account and the Payment Solution into one account. In some cases they will set-up accounts for anyone with an email address. Examples of the main Bureau Payment Providers would be PayPal, Stripe, BrainTree Systems (owned by PayPal) and WorldPay now have a bureau style solution.





WHICH WORKS FOR YOU?

It is best to choose the category of payment provider first and from there you can narrow down your options.

Payment solutions roughly fall into two main categories; the **Traditional Solution** where you need a separate Internet Merchant Account from a bank or credit card provider and the newer **Bureau Payment** provider which has a merchant number built in. Some Payment Service Providers offer both options.

Getting your own Internet Merchant Account is more expensive and more difficult to acquire but the upfront hassle of dealing with risk assessors before you start trading online means your funds will come through without any queries. On the other hand Bureau Payment Services will set anyone up with an account almost instantly however, if there are any issues or concerns with the account then they can hold back payments for longer.

We have a comparison table on the following page for you to review each of the features from both types of service:



Traditional Payment Gateway

Bureau Payment Services

Merchant Account/Number	Required from Bank	Included in the service
Set-up Cost	May be some banking costs to set-up Merchant Number	No set-up Cost
Service Cost	Yes	No Service Cost
SSL Security Required	No	Yes (this has additional costs with your hosting company)
External Linked Pages for Payment	Generally Yes	Generally No
Customer Support	usually 24/7 phone and email	Poor

From the comparison table you can see there are many winning features for the Bureau Payment solution however many merchants have experienced issues with Bureau Payment providers. Bureau Payment Services tend to let anyone through the door but if there are any issues with the account they tend to be quick to freeze accounts and funds.

Hosting Payments on Your website vs Off Site

Many of the Traditional Payment Gateways most popular solution will take your customer to a payment page hosted on their website. Some website owners prefer not to have this as they like to keep the user within their website for a more seamless sales process. Some payment providers can also offer the ability to slightly customise the pages but this is limited and will usually look different to your website shopping cart. If it is important to you that the look and feel is similar throughout the shopping and payment experience then you need to factor this into your decision. Many of the payment providers offer an API or Iframe which can be embedded in your website meaning your web designer will have more control on the look and feel of the website. Hosting the API on your website may require getting SSL on your website.

Your website



Off Site



Surely Everyone Just Uses PayPal?

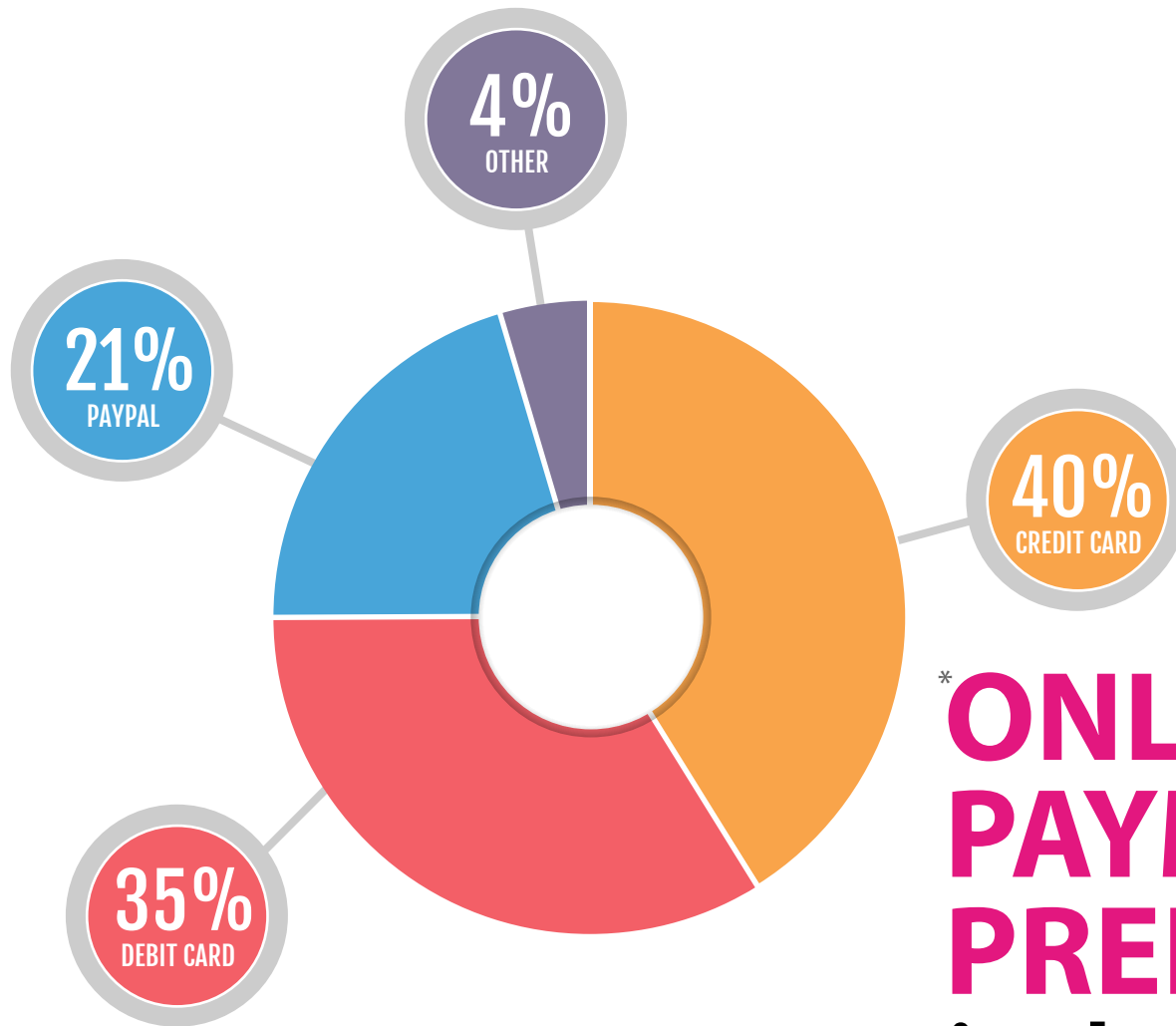
This is not always the case and in some instances just having PayPal as a single payment option on your website will increase your shopping cart abandonment i.e. your customers won't complete the full transaction. Many shoppers believe that when there is a PayPal solution on the website they need to have a PayPal account so don't finish their transaction. Even though this is not the case, it still does not stop shopping cart abandonment.

On the other hand there are many shoppers who will only buy with PayPal so we strongly recommend PayPal as a payment option to sit alongside the other options. In many cases Payment Providers will allow you to include your PayPal account within their payment options so that users have an option to Pay with Card or via their PayPal account.

OUR ADVICE

It is recommended to have both PayPal and another Payment Provider as both options will increase your conversion





ONLINE PAYMENT PREFERENCE in the UK%



* Online payment methods in the UK
according to Ecommerce News Europe & Payvision

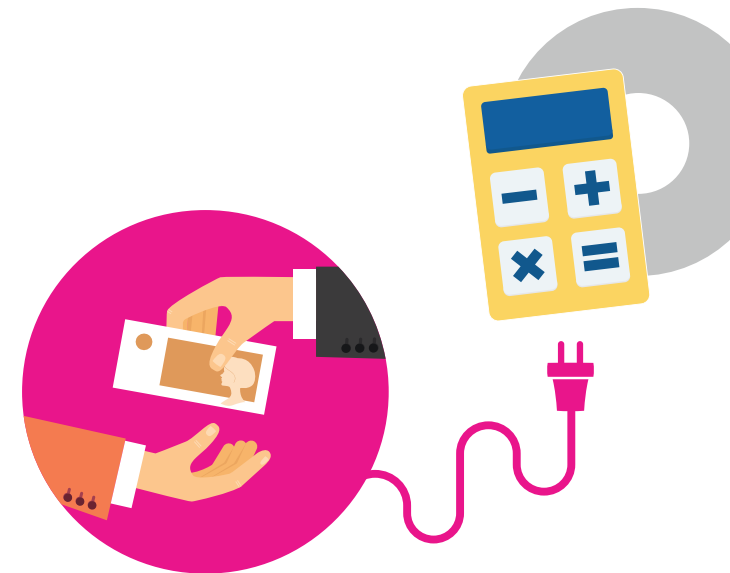
Will My Cart Work with any payment provider?

If you have already chosen your off the shelf cart then you will likely be restricted to a group of payment options that work specifically with your chosen cart. This is because not all carts will have the integration files needed to work with all payment providers. If you have not already chosen your cart then you might want to chose your payment provider first before making sure it works with your preferred cart. If you are getting a bespoke website then this will not be a factor as your web developer should be able to link into any payment gateway.



Linking the Payment Provider to accounts software

When you have a lot of orders coming through the website you need to think about reconciling order payments and your accounts. If you are early days in the strategy this may not be a big requirement but still worth considering as when sales volume is high it can mean a lot of extra admin. In many cases your payment provider can work with your accounts software. Xero will work with Stripe, Braintree Systems, PayPal and a few others. Sage will work with SagePay. If you have a Sage Accounts package you can get a custom integration from your bespoke shopping cart to your Sage software but this would only be feasible if you have a high volume of orders going through.



Security

The majority of solutions used for small and medium sized companies mean that you don't actually store card details on your website. Card details are processed via the Payment Provider either using an API built into your site or by going to a separate web page on the payment provider. It is good to have Secure Socket Layer (SSL) on your website. This is added security that means when a user is on your website the information passed between the website and their computer is encrypted. This is added security for users filling in forms especially if they are viewing the website via a public WIFI connection. SSL is also good for your search engine listings. It is not essential for all payment solutions but most of the bureau payment solutions will require this. Speak to your web designer or who ever hosts your website and they can advise you on SSL options.

It is also good practice to have a security policy on your website - some payment providers will require this but it is good for your potential customers to know you are serious about security.

PCI DSS Compliance

PCI DSS stands for Payment Card Industry Data Security Standard and it is a set of protocols set-up by the industry to reduce fraud. It applies to all companies big or small who are taking payments online. Many Banks/Payment Providers will insist you get an audit to ensure you meet the requirements. This usually involves a third party company who will help you to complete a survey. The complexity of the survey will depend on whether you store card details or use an external payment process. In the vast majority of cases it will be an external payment process so the survey should only take 20 mins. You need to take this annually and there is a fee to the company. If you don't take the survey or your bank has no record of the survey they may charge you a higher transaction rate or suspend your merchant account.

SECURE
SSL Encryption



SECURE
Payment



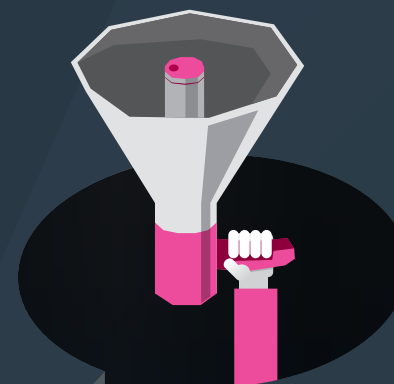
If you have Recurring Payments

If you have a subscription or membership service then it makes good business sense to set-up recurring payments at the outset. Not all payment providers will allow you to do recurring payments so make sure they provide this option before you set-up the account. There are some companies that will allow you to do this directly bank to bank instead of via card, like a Bureau for direct debit processing. The company that appears to be making the most headway with this service at the moment is GoCardless but in the fast moving Finance Tech market place it is hard to stay ahead so look around.

GOCARDLESS



HELP!



If you need any further advice on selecting a payment provider then we would be more than glad to help:

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