

ALL ABOUT CREDIT CARD MERCHANT CLEARING SERVICES

INTRODUCTION

A credit card merchant clearing service is usually provided by a bank, credit union or specialist organisation. The service clears and completes credit-card transactions for your business (usually from a web site) automatically, in real-time.

HOW IT WORKS

In the interest of making the text simple to follow we are calling the merchant clearing service provider the bank.

1. User makes purchase on the merchant's website.
2. The purchase details i.e. Unique order number and \$value are encrypted and sent to the bank.
3. The user is transferred to a page within the bank and asked to enter their credit card details. This is done on a secure page.
4. The bank processes the credit card details.
5. If the transaction is successful the user is given a confirmation message through a web page and is sent back to the merchant's website. The "OK" message is encrypted and sent back to the merchant so that the order can be completed.
6. If the transaction fails the user is usually given a second chance to enter valid credit card details. If the transaction fails entirely the user is given a failure message through a web page and an encrypted failure message is sent back to the merchant.
7. Funds from successful transactions are normally transferred into the merchant's bank account overnight.

BENEFITS OF USING A CREDIT CARD CLEARING SERVICE

- Money gets into your bank account quicker
- You only service orders that are paid for
- The service provider shares responsibility for record keeping
- Your service provider shares the risk
- You can process lots of orders quickly
- You will not have to purchase your own SSL certificate – saving approx AUD\$400
- Your users will see the details and branding of the bank when they provide their credit card details



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DRAWBACKS

- Cost - these usually cost about AUD\$2,000 to set-up
- Providers usually charge an additional commission on the value of the transaction
- If orders are likely to change after being lodged, or if there is likely to be a problem with supply you could be complicating your process rather than simplifying it
- Your users will see the details and branding of the bank when they provide their credit card details (We purposely listed this point as a benefit and a drawback.)

THINGS YOU SHOULD KNOW

- You don't have to already bank with the organisation you choose for your credit card clearing service.
- You should choose a service that works with your existing hosting company.
- Your developer should be able to work with the instructions provided by the clearing service.
- Shop around and be prepared to bargain with your provider, as this area is getting more and more competitive. Smaller banks and non banking organisations may provide the best value service.
- If you have regular periodic credit card transactions to process you can do this as a batch with your credit card clearing service.

PROVIDERS YOU MAY WANT TO CONTACT

Westpac - Merchant Business Solutions: 1800 029 749

National Australia Bank – National Secure Internet Payment Service: through a form on their site – go to the business section and click on e-Business

EMatters - 1300-136-966

StGeorge – 133 800

i Web Assets does not recommend or favour any particular service provider in this area, but we would be happy to hear from clients if they would like to tell us about their positive or negative experiences with Australian service providers.