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[How Merchant Account Works](#)

You should be able to find several indispensable facts about Merchant Account in the following paragraphs. If there's at least one fact you didn't know before, imagine the difference it might make.

Merchant accounts are similar to bank accounts. With merchant account, businesses can accept payments made through credit cards and debit cards. There are two kinds of merchant accounts: over the counter merchant accounts and money order merchant accounts.

Some people think that getting an approval when applying for a merchant account is difficult. Accepting credit card payments is not a costly, since there will only be a small amount deducted when processing a credit card or a transaction. Normally, merchant account application can be processed within four hours. Some business owners, based on their experience, advise that if the processing of the application form last for more than two weeks, then it would be better to change to a new service provider.

Remember, that there are banks that requires the business owners who would like to have the service, fulfill a number of obligations before opening the account. Some merchant service providers require that applicants have a checking account. Sometimes, business licenses and certificates are also checked.

Additional requirements can also be demanded and checked by the account supplier. For example, for corporations, the federal tax identification number is required. While for a sole proprietor business owner, social security number is required.

If ever the merchant or business owner claimed to be bankrupt, the claim must be at least 90 days old before a merchant will be accepted for some merchant accounts. Also, all of the merchants or business owners must at least 18 years of age.

Those of you not familiar with the latest on Merchant Account now have at least a basic understanding. But there's more to come.

First, the payment is received by the merchant through the customers' card. This can be done with physical swipe process at the credit card terminal. The customer can also enter the credit card number when finishing or making a transaction through online payment software.

The electric request goes to a network. There is processing network set up to handle these requests. This network handles the business of requesting funds from the customers' bank or credit card and then letting the merchant know that it is approved.

When the bank has already received the decision about the funds from the managements, it sends approval through the network. An authorization code is electronically issued and passed through the network until it reaches your computer or the credit card terminal. If there is something wrong, you will be notified that the transaction has been declined. Amazingly, this whole process, though it seems long, only takes a few seconds.

Customer receipts are issued when they already have the decision about the funds. Approved, the merchant's terminal will print the receipt, or an electronic receipt will appear online for the customer to print out him or herself, if the transaction is completed via the Internet.

The transaction for the day is then settled and called the batch. This is something else that requires a request made electronically over the processing network. All the authorization codes are checked against the purchases and other transactions. Then the transactions are sent to the credit card companies and to the banks for final settlement before the cardholders' accounts are officially debited.

Batch funds are deposited into your account. After the settlement, the funds will be directed to your account. However, this is a process that takes two or three days.

A good merchant account provider will bring together the elements needed to obtain merchant status. This allows the business to efficiently process the payments made by the customer and provide the customer the best

customer experience.

As your knowledge about Merchant Account continues to grow, you will begin to see how Merchant Account fits into the overall scheme of things. Knowing how something relates to the rest of the world is important too.

About the Author

By Anders Eriksson, feel free to visit his Perpetual20 affiliate site for great bonuses: [Perpetual 20](#)

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