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[What is Merchant Account?](#)

Whenever you are finishing of an online transaction, like paying for your airline ticket, did you ever wonder how online transactions work? There is a "bank account" established with a payment processor for the settlement of credit card payments or transaction online. You call this account, merchant account.

Merchant accounts provide businesses with the ability to accept credit card and debit card to pay for the purchases. Payment transaction is very simple when customers are paying with cash, but when it is made through credit cards or checks it gets complicated and complex.

It is becoming a reality that there is a need for businesses to attract not only cash paying customers. For businesses, a credit card payment could be more secure than paying with checks. Why? Because when a customer is paying with a credit card, the bank who issued the card commits to pay the establishment the purchased amount, unless in a case when it gets charged back to the establishment.

There are also some entrepreneurs that feel that credit card payment could even be more secure than cash payment. With card transactions, it limits the amount of cash in the register, limiting the loss to theft. For online or e-businesses, credit card payments is the main form of online payment. These reasons make it important for companies and businesses in accepting credit card payments.

To set up a merchant account, the proprietor or business owner can set up an account with a merchant services provider. There are several Merchant Service Provider in the market. Surely, you would have heard anything about PayPal, Merchant Warehouse, or Paymerica.

When choosing a merchant service provider, it is important that the business owner chooses a service provider that can be trusted. Reputation and reliability is important whenever checking out merchant account providers. John Conde, the author of "Everything You Need to Know About Merchant Accounts" , wrote that getting or establishing an account can be a smooth process.

Think about what you've read so far. Does it reinforce what you already know about Merchant Account? Or was there something completely new? What about the remaining paragraphs?

Conde stated that merchant account application normally gets processed within four hours. When the application process lasts for a week or two, then there might be a problem with the service that is given by the provider. It would be best then to change to another provider.

It would be best to start the process of setting up a merchant account three weeks before the day the business owner would like to use the service. With this time frame, the business owner and staff will have time to address unexpected delays, account testing and gateway testing.

Merchant service providers then require a contract to be signed by the business when establishing a merchant account. A contract is important to have the business owner's and the merchant service provider's responsibilities drawn or written in black and white.

Aside from the responsibilities of both parties, it is also stated in the contract the specified length of time or term of the contract. If the business owner failed to honor the contract in a period of time, the business owner may face penalties or cancellation fees.

There are also various and numerous fees associated with a merchant account. Fees vary depending on the merchant service provider. But merchant accounts would have two main costs: discount rates and transaction or authorization fee. Discount rate is based or determined by the type of card used and how the card is accepted and processed. The transaction or authorization fee is charged for each electronic authorization request and transaction made.

To attract and maintain customer satisfaction and therefore increase sales, getting or having a merchant account and accepting credit card payments is becoming more and more important. Merchant account can be both for the business' and customers' benefits.

I hope that reading the above information was both enjoyable and educational for you. Your learning process should be ongoing--the more you understand about any subject, the more you will be able to share with others.

About the Author

By Anders Eriksson, proud owner of this top ranked web hosting reseller site: [GVO](#)

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