Taking card payments securely

nabas

THE BALLOON AND PARTY PROFESSIONALS ASSOCIATION

In this guide, we'll take you through everything you need to know about credit card processing and taking payments in a secure, compliant way. You'll also find our top tips for managing your costs and protecting your business against fraud.

Credit card processing

Now an essential for many smaller businesses, credit card processing is a convenient choice for many consumers, and one that continues to see rapid growth.

Just getting started? Here's everything you need to know.

Why should you take card payments?

✅ Easier for customers to use.

✅ Improve cash flow as card transactions are deposited directly and quickly into a merchant's bank account.

✅ Boost sales as customers are likely to spend more frequently.

✅ Bring trust and confidence to your business.

✅ Streamline your operations by keeping an accurate record of transactions.

✅ Paves the way for developments like paying with digital wallets on a smartphone.

✅ Take recurring payments for routine orders or subscription services.

Where will customers pay?

IN-STORE
You can choose a simple standalone card terminal or a robust, fully-integrated POS system.

ONLINE
With more people shopping online, expand your reach and let customers browse and shop 24/7.

ON THE GO
A secure mobile payment option like a virtual terminal or a mobile terminal makes it possible for you to accept payments offsite or away from a till.

PHONE
Customers can give their card details over the phone when placing an order, using card not present processing.

What do I need to know?

GET YOUR EQUIPMENT SORTED
Whether it's a point of service (POS) terminal or an integrated point of sale system, find what suits your business best.

IS IT COMPATIBLE?
Check with your payment processing provider if you're not sure.

ON THE MOVE?
Turn a smartphone or tablet into a credit card processing terminal with mobile payment processing options.

DON'T FORGET SECURITY!
Whatever you choose, make sure it's enabled to accept EMV chips for security.

How does it work?

Knowing who's who in the world of payments will help you to understand how payments are transferred.

CARD BRANDS
Visa, Mastercard and American Express, for example, make credit card processing possible, and give their stamp of approval.

ISSUING BANK
Provides credit cards to a consumer. Funds for approved transactions are removed from the issuing bank account and deposited into the merchant account before arriving at its final destination, your business banking account.

PAYMENT PROCESSOR
Manages credit card payments for merchants. They will coordinate and integrate payments by routing transactions to parties and networks.

MERCHANT ACCOUNT
This is like a regular business bank account, except it's dedicated to receiving funds from credit card transactions.

How much will it cost?

FIXED COSTS
- Same for each class of transactions, such as accepting gift cards or pre-paid cards.
- Fees include interchange rates, which are set by Visa, Mastercard, Discover, and American Express.

VARIABLE COSTS
- Change depending on the type of business, the average amount per transaction or the expected volume of transactions.
- Considers specific risk factors to the business, similar to how consumers pay different interest rates depending on their personal risk factors.

How to manage your costs

REVIEW YOUR SERVICE REGULARLY

Managing the costs associated with accepting credit and debit cards is not a one-time event. As your business grows and evolves, you may be able to negotiate better rates.

UNDERSTAND YOUR RISK TOLERANCES

Work with your processing partner to establish a risk tolerance that's right for you. You want to create easy checkout experiences for your customers, but everyone needs the transaction to be safe - your processor can help you find the right balance.

How to protect your business against fraud

Phishing attacks rose by 350% in the first quarter of 2020, as criminals continue to attempt to get consumers to give up their financial credentials.

Anything that can be monetised quickly is a big target for fraud – popular targets include gift cards, items with high resale volume, quick-service restaurants and online retailers.

DID YOU KNOW?

In the UK, 3DS2 security protocols support stronger customer authentication practices in e-commerce transactions.

So, how can I prevent fraud?

In addition to partnering with a payment provider with expertise in fraud prevention, here are 7 ways you can reduce your risk.

1. Employ fraud monitoring and prevention tools, such as Worldpay from FIS's FraudSight solution, which uses Machine Learning and AI to stay a step ahead of the fraudsters.

2. Regularly review orders for unusual activity like large sales increases or out-of-the-ordinary deliveries.

3. Use an Address Verification Service to ensure the identity of the cardholder.

4. Keep an eye out for billing and shipping addresses that don't match.

5. Have concise return policies that are clearly posted on receipts, on your website and at checkout.

6. Have a system for actively monitoring, managing and responding to chargebacks.

7. Make sure your merchant billing descriptor is clearly recognizable to customers on their card statements.