

# What They Don't Tell You About Merchant Accounts

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## **Sample of Content:**

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## **Content:**

With the overwhelming amount of information out there regarding internet merchant accounts, how do you know you're getting a good rate and with a good company? In this article, I will show you some key things you need to know before you open a merchant account with anyone, whether or not it's for an Internet store.

The first thing most people don't realize is that all credit card processors pay the same amount to Visa, MasterCard, etc. when a transaction is processed. These are called interchange rates, and while they vary based upon the type of merchant, the rates are all standardized.

For example, when a customer at a retail store pays \$20 with their Visa credit card, Visa charges the merchant's processor 1.64% (\$0.33) plus \$0.18, for a total of \$0.51. The actual interchange rates can be found several places on the Internet. The current rate for eCommerce merchants is 2.05% + \$0.18 per transaction.

It is up to the processor how much to charge the merchant. Usually, this will be around 1.79% plus 25 cents per transaction. It doesn't sound like a lot, but it adds up for large merchants or if the processor has many merchants.

The second thing you should know is that when applying for a new merchant account, you have exceptional bargaining power, even if you're one of the little guys. For example, the first things to avoid are monthly minimums. There is no need for a processor to charge you a minimum fee per month in addition to their other monthly fees. Cardservice International is fond of this scheme.

Finally, keep in mind that if you're dealing with a trustworthy agent and processor, you should always be able to negotiate the best discount rate (%) and monthly fees based upon your business needs. Larger clients will probably want lower discount rates, and smaller clients will want lower monthly fees, especially for when sales are slow.

That's all for now. Stay tuned for the next insider tip!

Brian C. Wiles writes for the [Internet Merchant Account Info](#) column and is the founder of [Poldon Industries](#), a company that provides a wide range of services to the merchant account and eCommerce industries. He teaches others what he initially learned from starting a company where people can [buy movies on DVD](#).

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