**What is a Merchant Account?**

A merchant account is an account set up through a credit processing company or a bank to accept and process charge card orders. Without a merchant account, one cannot accept payments by any of the major credit card brands.

Payment Processing: Industry Overview

**How do I get a Merchant Account?**

Merchant accounts are obtained via a formal application process through an acquiring financial institution, or the merchant services department of a bank. Think of a merchant account as a form of credit - this means your financial institution will assess your credit to see if your company is worth the risk. Therefore, merchant account providers will usually require copies of financial statements however, if you are a start-up, you will most certainly need an extensive business plan which outlines, your sales venture.

**What credit cards can I accept?**

Pivotal Payments allows you to accept all major card brands including: Visa, MasterCard, American Express, Discover, Diners Club, JCB, as well as all major Charge (Debit) Cards. Contact a Pivotal Payments Support Specialist at 1 866 883-1494 should you wish to discuss which credit cards you want to accept.

**What is an Issuer?**

The issuing financial institution extends credit to a cardholder through bankcard accounts. The financial institution issues a credit card and bills the cardholder for purchases against the bankcard account. Also referred to as the cardholder's financial institution.

**What is an Acquirer?**

An Acquirer is a Visa / MasterCard Affiliated Bank or Bank/Processor alliance that is in the business of processing credit card transactions for businesses and is always Acquiring new merchants.

**How About Card Processing Fees?**

A merchant account has a variety of fees, some periodic, others charged on a per-item or percentage basis. The majority of the per-item and percentage fees are passed through the merchant account provider to the credit card issuing bank according to a schedule of rates called interchange fees, which are set by Visa and Mastercard.

Payment Processing Industry: Pricing Structures

**What is an Interchange Fee?**

Each credit card payment qualifies at a certain Interchange rate; Interchange refers to a matrix of discount rates and transaction fees defined by the Card Associations (e.g. Visa and MasterCard). These fees are paid by the payment processor (e.g. Pivotal Payments) to the cardholder's bank to compensate for accepting credit card payments. Factors that influence Interchange fees include type of card presented, business type and how the transaction is performed. Interchange Fees are updated directly by Visa and MasterCard.

**What is a "Chargeback"?**

Essentially, a chargeback fee occurs when a cardholder disputes the sale with their card issuing bank. This is not to be confused with a refund, which is simply a merchant refunding a transaction. With chargebacks the card issuing bank sends through a request to recover money for their cardholder. The merchant agrees to pay a chargeback fee (usually between $25-$50), for each chargeback that the bank deems valid. The most common complaint for a chargeback is that the cardholder cannot remember the transaction. However, the chargeback ratio is very low for transactions in a face-to-face (POS) environment. See [Chargeback Management](https://www.pivotalpayments.com/resources/chargeback-management).

Pivotal Payments Review of the Chargeback Process

Top Reasons Why Cardholders File Chargebacks

Best Practices to Reduce Chargebacks

<https://youtu.be/wZpgciZ2n7Y>

Need more help? Give us a call at 1-800-571-3440. To contact us online about payment processing, [click here](https://www.pivotalpayments.com/contact/sales).