



HIGH-RISK MERCHANTS: HOW TO GET RELIABLE PAYMENT PROCESSING TO GROW YOUR BUSINESS



Consumers still believe in the power of plastic, and it shows: debit and credit card transactions are commonplace in today's market. Customers are increasingly using cards to buy products and services—in stores and online.

A Federal Reserve study found that credit and debit cards constituted 59% of non-cash payments in 2012, with consumers making \$73.2 billion transactions over the course of the year. Businesses foregoing these payment methods risk alienating and inconveniencing customers, in turn losing thousands of dollars.

Simply put, accepting credit and debit cards can help grow your company and expose new audiences to your products. Reliable payment processing is essential for your business to grow and thrive. But as a high-risk merchant, the situation can be more complicated. You already have to deal with day-to-day stress, so securing merchant accounts to process payments seamlessly can be a particular hassle. The application process requires you to gather financial information, carefully draft a cover letter, and submit all of these materials. If you do this and get rejected, you'll have invested a large amount of time and effort for nothing.

But if you don't apply, you won't be able to accept debit and credit transactions at all. This can be deadly for online businesses. To make sure you don't sink your ship, you need to ensure your payment processing solutions are sustainable and stable.

Read on more to learn more about why reliable payment processing is essential, and how to secure it.

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WAIT—AM I CONSIDERED HIGH RISK?

You must understand if and why your business is considered high risk when going about securing a merchant account to process payments reliably.

Merchant accounts are an essential part of today's financial environment. They enable companies to acquire and hold funds through clients' credit and debit card payments. But while your business needs these accounts for day-to-day operations, you may not qualify as a low-risk merchant.

Businesses that require high-risk services may have to pay higher rates, or provide banks with greater information, so it is important to consider which type of account your company will need.

Ask these three questions to help determine whether your business is considered a high risk merchant:



ARE YOU AT A HIGH RISK OF CHARGEBACKS?

When a customer disputes a charge to their credit card, it results in a chargeback. The customer's credit card company automatically debits the merchant account that made the charge. As a result, the merchant account provider must be certain that a business can cover these potential withdrawals.

Certain industries and practices have a greater chance of disputed charges, meaning that they are a higher risk for providers to serve. Companies such as ticket vendors or travel sites offer future deliverables products, which promise services that will be rendered at a later date. As a result, these businesses may be more vulnerable to chargebacks. Other businesses that offer services such as annual memberships that prolong the chargeback liability period are also at a higher risk.



**CERTAIN INDUSTRIES
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DO YOU HAVE LOW CREDIT OR POOR FINANCIALS?

Many merchant account providers will ask for personal and business information in their applications. If a company cannot offer its financial information, they may be able to make a personal guarantee instead. This ensures the signee is liable if a business fails to make necessary payments. As a result, providers may examine business owners' credit information to determine their risk in underwriting an account. This means that poor financials or low personal credit may signal the need for a high-risk account.

**IT MAY ALSO BE
DIFFICULT TO GET A
LOW-RISK ACCOUNT
IF YOUR FIELD
TRADITIONALLY LACKS
RESPECTABILITY**



WHAT SORT OF INDUSTRY DO YOU OPERATE IN?

Unfortunately some companies represent a high level of risk based solely on their industry. These fields are thought to pose "reputational" hazards that could suggest unsustainability. If the potential for data theft is naturally higher in a given industry, providers may be less willing to work with companies in this trade. Similar problems can arise for companies that sell custom goods or expensive products.

It may also be difficult to get a low-risk account if your field traditionally lacks respectability or maintains a poor public image. Businesses that allow customers to gamble, purchase adult products, or receive services based on fortune-telling or horoscopes carry a stigma that may result in a poor reputation and a higher number of chargebacks.

SO I'M HIGH RISK MERCHANT—WHAT NOW?

You've established that your business is considered high risk. Here's what you have to do to grow your business and start processing credit and debit card payments.



OPEN A MERCHANT ACCOUNT

First things first: before you can start processing debit and credit card payments you will need a place to store the revenue that these transactions generate. Merchant accounts allow you to collect these funds and shift them to your company's accounts. Once you have set up your merchant account, you can apply to a payment processor that will allow you to accept credit and debit transactions.



APPLY TO THE RIGHT PAYMENT PROCESSOR

With myriad payment processors competing for your business, each are sure to offer unique fees, processing options, and terms to cater to different types of industries. As a result, you should shop around to find the option that fits your company's needs best. Make sure the processor's monthly statements are clear so you don't end up paying needless charges. The right processor should have strong security and anti-fraud measures in place to protect your company. You will also want to work with a company that offers 24/7 support so you can fix any unforeseen errors that may arise. Finally, review your proposed merchant agreement to fully understand the paperwork and procedures your processor will expect you to fulfill.



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YOU SHOULD CONSIDER THE TYPES OF CREDIT AND DEBIT CARD TRANSACTIONS YOUR CUSTOMERS WILL MAKE WHEN THEY SHOP AT YOUR BUSINESS



CHOOSE A PROCESSING OPTION

There is no one-size-fits-all payment processing option. You will have to choose a method that will best accommodate the way your company does business. These differ depending on the processor with which you work, but generally, you should consider the types of credit and debit card transactions your customers will make when they shop at your business. If you run an e-commerce company, for example, mobile and/or online payment processing will obviously suit your customers, as opposed to point-of-sale options that work better in brick-and-mortar enterprises.



ENSURE SERVICE PROVIDER COMPLIES WITH APPROPRIATE STANDARDS

Like other companies, payment processors must abide by industry standards and best practices. These rules dictate how organizations handle everything from information security to the proper function of their equipment. When considering a payment processing company, you will need to establish that their services meet PCI and/or EMV standards. The Payment Card Industry Data Security Standard (PCI DSS) helps prevent credit card fraud and the compromise of customer data. It ensures that processors are responsible for finding vulnerabilities in their information technology and fixing them before customer data can be compromised. EMV standards, meanwhile, address everything from chips, personalization, and more. These measures allow cards and transaction equipment to work with one another, in addition to preventing data fraud. Processors that operate according to these standards should offer responsible services, allowing you to grow your business.

GROW WITH BNA

BNA Smart Payment Systems Ltd. is a payment processing company that is unlike any other in North America. For more than 15 years, BNA has provided unparalleled customer service and customer support to hundreds of businesses from a variety of industries. We build relationships with our clients and get to know your business model in order to actively manage your payment processing needs. With BNA you are more than just a number; your success is our success.



WE OFFER A WIDE RANGE OF SERVICES... to provide merchants the latest technology with services that are more cost effective than the solutions currently being used.



WE CUSTOMIZE SOLUTIONS... and do not try to make the ever-changing needs of merchants fit into a general package.



WE PROVIDE PERSONALIZED SUPPORT... by using superior technology, offering customized solutions, and delivering comprehensive, personalized services.



WE MEET CHANGING INDUSTRY REQUIREMENTS... by being a leader in the development of secure transactions and staying on top of the changing requirements in the payment industry.



LOCATION: BNA Smart Payment Systems 155 Edward St.
Suite 3, Aurora ON, Canada L4G 1W3
TOLL FREE: +1 866 324 7585
TELEPHONE: +1 905 726 9753
FAX: +1 905 726 9751