



# Accepting Major Credit Cards

## What You Need To Know

In this day and time almost no type of business will make it without accepting credit cards. With this said, there are things you need to know and understand before you open your merchant account. The information we are providing you here will save you money and time, and even keep you out of federal prison. This page will cover the different types of transactions, the law regarding credit card transactions, cost of accepting credit cards, and how they all effect you and the operation of your business.

First of all, some people can't have a merchant account. Anyone with, but not limited to the following cannot have a merchant account: bad personal credit, convicted of any financial crimes, convicted of a felony, outstanding judgments or liens, active legal action against you which could label you a felon.

The greatest factor of concern with accepting credit cards is fraud risk. With each transaction, comes risk to you, the processing bank and the issuing bank. Due to these risk banks will want to know what type of business you have and how you plan to do business because each type of transaction has a different level of risk. If a processing bank suspects you of conducting business in a manner not supported by your application they will shut down your account and freeze your deposit account until they are certain that no chargebacks will happen.

These are the different transaction types.

**Retail transaction:** This is when the customer is in front of you and the card is swiped and a printed ticket is signed. This transaction presents the lowest level of risk.

**Keyed transaction:** This is when the customer is in front of you but you key the card number in the terminal rather than swiping the card and a printed ticket is signed. This transaction presents a little higher level of risk.

**Keyed transactions with no signed ticket:** This is when the customer is not in front of you, as such is the case with mail & phone order transactions. This presents a high level of risk. The above transactions referred to by banks as (Qualified), (Mid-Qualified), (Non-qualified).

As the different types of transactions present different risks, so do different business types. Because there are so many industry types we will just say that the **Retail Industry** presents the lowest level of risk, and the **Sexual Encounter Industry** presents the highest level of risk. The rate you pay which is called your discount rate, is based on the risk level presented by your industry type and by the way you practice your business.

**The Law:** Since there are so many ways you can land yourself in federal prison by way of credit card transactions, just do your business every day as you stated in your merchant account application. If you said you are a retail clothing store with an average ticket of \$175.00 then don't run a transaction for \$10,000.00 for the sale of a car you sold to someone, as you are not a car dealer but a clothing store. Remember a legal transaction is when you give a customer a product or service and they pay you direct. If you give me a product or service and I pay someone else who in return pays you, this is **money laundering and credit card fraud**. Your merchant account is for running **your business sales only**.







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### Part- 2

The three most common ways merchants get in trouble are the following actions:

- (1) They sell something having nothing to do with their business, such as items sold at a yard sale. The person buying wants to use a credit card so the merchant runs the card on his store merchant account.
- (2) The merchant next door has no merchant account, but has a customer who can only pay by credit card that day. The next door merchant asks you to run the transaction on your merchant account then just give him/her the cash for the transaction.
- (3) The merchant needs to put money in his/her deposit account, but has no time to go by the bank. So he/she swipes their personal credit card to put cash in the account.

All of the above transactions are federal crimes and will put you in federal prison. The above transactions commit credit card fraud, conversion, money laundering, transaction misrepresentation, bank fraud, deposit account fraud, organized financial institution and identity fraud, and false reporting to a financial institution. These transactions involve the processing bank, the issuing bank, your deposit account bank, and Federal Reserve, so you commit each of these crimes in multi-counts with just one transaction. Be safe, remember **(buy here pay here) nothing else.**

## Should my business accept credit cards?

Most people know how they plan to pay for a purchase before they even enter your store. If it is going to be by credit card, they will look to see if you display credit card logos indicating you accept them. If not, they go elsewhere. No one likes that feeling at the check-out counter when they find the merchant doesn't accept credit cards when they have no cash, and debit or credit cards are the only option they have at that time. Most transactions over \$20.00 are paid by debit or credit cards. It's just the way business is for most industry types today. Only a very few industries can operate without accepting credit cards.





**For Assistance Please Call Us....**

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