

The Savvy Business Owners Guide
to

Accepting Credit Cards

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Who is this Course For?

- Coaches & Online Marketers starting their business who want an overview of how credit processing works
- Experienced online business owners who are processing 5 figure months or more and are continuing to grow
- Anyone wanting some decent knowledge on the most important aspect of running your biz.



Who Am I and Why Should You Listen to Me

- Was in the Credit Card Processing business for over 10 years.
- Specialized in accounts for internet marketers and coaches.
- Consulted coaches and much of whom are they big names in the industry.
- Left the corporate world and am now a clarity coach and strategist.
- Offers truth and unbiased reviews on the industry.



Basics

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What is a Merchant Account?

An account that allows you to accept credit cards for your business.
(Unsecured Business Loan)

Stripe

PayPal

Traditional
Merchant Account



Why It Matters How You Choose To Accept Payments?

- Cost – ensure you aren't paying too much. You have options!
- Risk – choosing the right processor to avoid having your account frozen or shut down
- Technology - the systems you set up will likely dictate your processing options.
- Scaling for growth



Who is Involved in Processing Credit Cards?

- **The Customer/Client** – consumer who buys your product
- **The Merchant** – You! AKA Business Owner offers product or service in exchange for money
- **Technology** – CRM/Shopping Cart/Terminal that provides the interface either in person or online to allow you or your customer to input credit card information and routes the information through various parties for an approval or decline.
- **The Processor** – The company who sets you up with the account and capability to accept credit cards and takes on liability if you default.
- **The Bank** – oversees funding. Have their own set of rules : prohibited/restricted business types.
- **The Card Networks** – Visa, Mastercard, Discover, American Express. Set rules for payments acceptance that everyone below them in the chain must adhere to including you the business owner!



Technology

Your software will likely dictate your options for processing as it will depend on who they are integrated with.

- Shopify
- Wix
- Squarespace
- Moonclerk
- Wave Apps
- Infusionsoft
- Dubsado
- 17 hats
- Acuity
- Calendly
- Simplero
- Ontraport
- Authorize.net



What Are Your Options?

Traditional V. Aggregator

Stripe

- Set up Instantaneous
- Requires no review or underwriting
- Integrates with most technologies and platforms
- Can be more likely to shut down or freeze accounts that are considered higher risk.
- Simplified Billing

PayPal

- Set up Instantaneous
- Requires no review or underwriting
- Integrates with most technologies and platforms
- Known to freeze or shutdown high risk accounts and coaching accounts.
- Simplified Billing with additional programs that may have other associated costs.

Traditional Merchant Account

Set up can take a few days

Requires underwriting review:

Credit
Bank statements
Website

Integrates with most technologies through a gateway (usually provided)

Less likely to shut down or freeze accounts as long as there is clear communication with merchant.

More complicated billing due to itemized fee structure.



Fees

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Rates & Fees – cost of doing business

Stripe

- 2.90% + .30 per item
- \$15 Chargeback fee
- which is returned if you win
- No charge for refunds
- No early termination fee

PayPal

- 2.90% + .30 per item
- \$20 Chargeback fee
Offers seller protection but does not apply to digital products.
- No early termination fee
- Additional Options with higher rates.

Traditional Merchant Account

- 2.25%-2.40% + .25ish per item - varies based on biz model, credit, financials ect.
Higher rate for biz and reward cards.
- \$25- 30 chargeback fee
Additional itemized fees incld.
Monthly service fee, gateway fee, PCI fee.
- Can have early termination fee,
URGE you to find a processor that does NOT (or is reasonable like \$25)



What Affects How Much You Pay?

- **Aggregator Model**
- **Volume:** The more volume you process the more you pay in discount fee which is the % aka 2.90%
- **Ticket Size:** Larger ticket size again means more in discount rate that you pay
- ex: \$10K coaching package = \$290 @ 2.90%
- ex : \$2K coaching package = \$58 @ 2.90%
- **Transaction Count:** EXAMPLE 5K in sales
 - (\$5K @ 2.90% coaching packages = \$145 + .30 per item = \$145.30
 - (\$37 digital product/membership x 135 members @ 2.90%) + .30 p/i = \$144.86 + \$40.50 (per item) more transactions
- **AMEX :** higher rates



Risk

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RISK

Coaching & Internet Marketing v. Card Swipe

- What is high risk?
 - High Volume > 25K month
 - High Ticket > 5K offer
 - Volume Spikes – due to launches and live events.
 - Recurring Billing - memberships
 - Future Delivery – taking payment prior to services being rendered ie: coaching packages.
- **If a processor is uncomfortable with your activity they may freeze your account for further review or shut you down completely



What is so risky?

- The concern for disputes/ chargebacks. **#1 loss for processors (cost industry billions each year)**
- **YOUR CUSTOMERS HAVE 180 DAYS (6 months) to issue a chargeback with their credit card company against if you they are unhappy (or a very bad customer trying to work the system)**
- Coaching Packages & Digital Products can be especially susceptible to chargebacks due to not being a physical item and future delivery.
 - Ex: You may accept 30K for a group coaching program, but may get sick, have an emergency, or be fraudulent and flake out.
 - All your customers submit a chargeback for the money back. If you do not have the funds available, the processor now takes a loss.



- **TMF or MATCH** : You can be barred from accepting credit cards for the foreseeable future due to charge backs
- **KEEP MONEY IN THE BANK!!**
- **Research CS:** Have an available rep to speak to regarding upcoming launches and volume spikes.
 - Have a rep available in general
 - PayPal – phone & email (in general harder to get resolution)
 - Stripe – not phone support only email or message.
 - Traditional Merchant Account – some have shady sales reps and some have amazing customer service reps and sometimes dedicated relationship managers.
- **Funds held or Account Closed**
 - All Processors can freeze or close account
 - PayPal 90 day freeze



Options

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What is my best option?

Process less than 20K per month : Stripe and PayPal

Process less than 20K per month but have higher tickets (over 5K):

Consider a merchant account + PayPal. Can have Stripe as a back up.

Process over 20K per month : start looking at merchant account provider although you probably wont see a drastic drop in fees still a safer processing environment

Over 50K per month : Def would move to a traditional account

Usually you will want Stripe or a Merchant Account + PayPal

- all eggs are not in one basket
- customers love PayPal



Traditional Processors

Dharma Merchant Services: great retail or businesses selling businesses selling tangible products online and process over 10K per month.

**They offer interchange plus pricing for ecommerce merchants which is huge!

Internet Merchant my former company specializes in accounts for coaches and online marketers.

**Will also offer competitive pricing for retail accounts and businesses selling tangible goods online.

Payment Depot: subscription based pricing model. Range from \$29.00 to \$99.00 per month & interchange + per trans fee. Ecommerce merchants (NOT HIGH RISK) and US only



Alternatives

- Venmo – money transfer service. (owned by PayPal)
- Facebook Payments – NOPE. DO NOT USE TO ACCEPT \$\$\$ FOR YOUR BUSINESS.
 - Against their terms of service
- Wave Apps – Aggregator Model



Up Coming Course

- Best Practices in General
- How to save money on fees!! – Details on debit rates and how to analyze if you are paying too much.
- PayPal Best Practices
- Stripe Best Practices
- How to Avoid Chargebacks
- Refund procedures
- Payment Plans
- Membership Sites and Subscriptions
- Your website – what policies you need in place to be compliant with Visa, Mastercard, Discover, and American Express
- How to ensure your marketing is compliant with Card Brands, Banks, Most processors, and even the FTC.
- Systems Guide
- Affiliates! : Earn monthly residual income easily. This amount can get be substantial!

