



Third Party Payment Providers

July 2007

If your firm sells online using your web site, you will need to be able to take payment electronically.

Our E-Business Advisers discuss a type of firm - "Third Party Payment Providers" - expressly set up to facilitate this safely:

1. What are Third Party Payment Providers?

To enable your customers to purchase your products and services online, you need to be able to accept credit and debit card payments.

The normal way has primarily been to open a merchant account, which can be an expensive option, especially for small businesses.

In the last few years, an alternative choice of options have become available with a number of companies now offering third party payment processing services (e.g. Paypal).

This option offers small businesses a quick and easy way to accept online payments.

It avoids the need to open a merchant account, offering businesses a process which is much easier and faster, enabling them to sign-up, be approved and begin accepting payments online very quickly.

Traditional merchant accounts can be an expensive choice: they charge fixed fees if you don't sell anything. Typical charges might be:

- An application fee (whether you are approved or not)
- A set-up fee (once approved)

- A per transaction fee of between 2% and 3% of each sale
- A monthly minimum fee
- Statement, gateway and connection fees

2. Saving you Money!

Third party credit card services usually just charge a percentage of sales and, in some cases, a per-transaction fee, so you only pay when you sell something.

They also normally have a one-off setup fee - around £125 is typical.

If your sales volume is not very high, a third party service can offer you a very cost effective and efficient method of offering online payment facilities for your customers - great for small businesses.

If you are a small business just beginning to market your products on the Internet, or if you want to start quickly and don't currently expect huge sales, the third party payment route can be the ideal choice for your business.

Additionally, many third party payment providers will also allow your customers to pay in one of a range of currencies - many sites allow, for example, payment in Pounds Sterling, US Dollars or Euro.

3. Useful Links

There are many Third Party Payment providers on the market - a search on www.google.co.uk will provide many names.



Fact Sheet

Some of the more well known third party payment providers are:

Paypal - www.paypal.com

Clickbank - www.clickbank.com

Secpay - www.secpay.com

Netbanx - www.netbanx.com

WorldPay - www.worldpay.com