



The Green Sheet

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Book Review

Understanding Merchant Accounts

By Patti Murphy

The Takoma Group

I remember the first time I needed to set up a merchant account to accept credit and debit cards. I knew plenty about banking and payments, at least on a theoretical level.

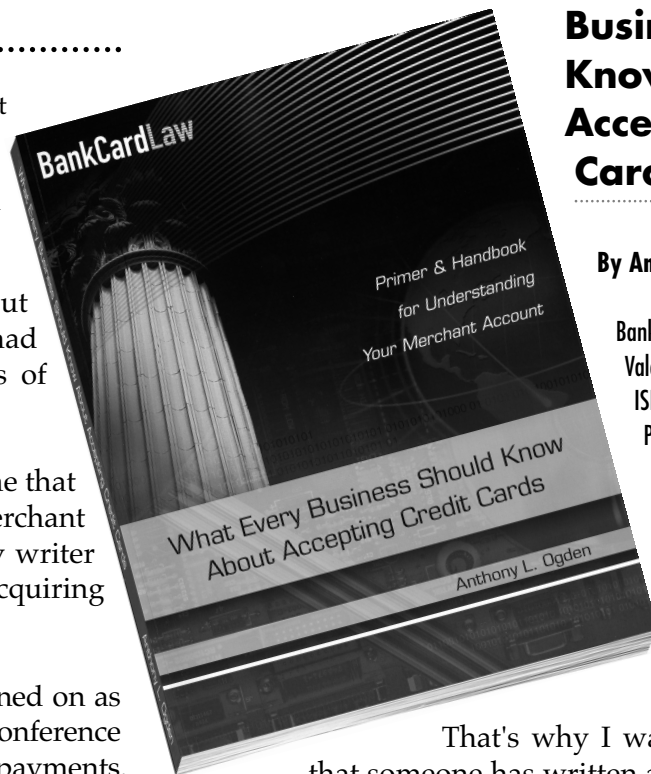
Heck, at that time I'd been writing about those subjects for 20 years. But I actually had little understanding about the mechanics of accepting card payments.

Fortunately, I had a few things going for me that gave me a leg up on the typical new merchant card account. I was a financial technology writer and knew folks at many of the major acquiring organizations.

In fact, several of these companies had signed on as sponsors of my new business endeavor: a conference on the migration from checks to electronic payments.

To further my education on merchant accounts, I called on an acquirer/sponsor and received a quick course in merchant acceptance (not much substance, just "this is how you operate the machine"). I was up and running with a (paid in full) name-brand terminal in a matter of days.

But this isn't the case for most newbies to card acceptance. A lot of businesses, especially small merchants, get into credit and debit card acceptance without any real understanding of their rights and obligations, or even how the card acceptance process works.



"What Every Business Should Know About Accepting Credit Cards"

By Anthony L. Ogden

BankCardLaw Media Corp.
Valencia, Calif., 2004
ISBN 0-9759605-0-4
Paperback, 81 pages

That's why I was happy to find that someone has written a primer for merchants; something that will really help them understand what they need to know and do when accepting cards for payment. It's been a long time coming.

The book, "What Every Business Should Know About Accepting Credit Cards," by Anthony L. Ogden, is an authoritative primer on the merchant account relationship. It's written for merchants but could also prove to be a valuable tool for merchant level salespeople (MLSs).

Ogden's book features easy-to-read chapters on all the basics: the card transaction cycle and merchant account risks and fraud, plus a detailed set of best practices.

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Some points of information this handbook provides include fraud warning signs, card-present vs. card-not-present transactions, international transactions, and understanding chargebacks and retrieval requests.

"Best practices decrease your risks of losing sales, your merchant account and your business itself," Ogden wrote in the chapter on best practices. "Remember that technology changes over time. So does criminal behavior. Stay proactive in implementing and updating merchant best practices."

Ogden compiled the handbook primarily for merchants, but the audience of potential readers is much broader. Anyone who is new to this business, including merchant, MLS or even a new executive at an acquiring firm, would be well served by keeping this handbook at the ready.

Some companies might even want to consider gifting the book to new merchant accounts. Lest we forget: a well-informed customer is a good customer. At \$19.95, the cost of the handbook would seem a small price to pay for a well-informed customer.

Ogden presents "What Every Business Should Know About Accepting Credit Cards" in a very user-friendly format, and styles chapters using a combination of frequently asked questions, lists and assessment tools.

Ogden said he felt it critical that he present the handbook in such a way as to promote understanding of the card business without overwhelming readers.

The information gap that exists today between those who sell and those who establish merchant card accounts is what motivated Ogden to write this book.

An attorney specializing in bankcard law, Ogden explained that he saw too many businesses losing merchant accounts for largely preventable reasons.


"Unfortunately, too many business owners did not truly understand the critical features of their merchant accounts until it was too late," Ogden wrote in the introduction.

Ogden, a graduate of Georgetown University Law Center, has been providing legal services to the merchant bankcard community for 10 years. About four years ago, he established a project he calls BankCardLaw.

The project engages in ongoing research of bankcard issues and supports a Web site, www.bankcardlaw.com. "What Every Business Should Know About Accepting Credit Cards" offers insights from that research as well as Ogden's law practice.

"The merchant level is a pivotal, grass roots point of contact for all entities in the bankcard community," Ogden explained.

"A transaction initiated at the merchant level is a common thread that connects the issuer, the cardholder, the acquirer, the card Associations, the processor, the payment gateway, and, yes, the unsavory criminal. BankCardLaw endeavors to exert a profoundly positive influence on the credit card acquiring industry by strengthening merchant accounts."

You can purchase copies of "What Every Business Should Know About Accepting Credit Cards" on www.bankcardlaw.com/books . 

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