

Payment Gateways

Find out the benefits of having an online payment gateway.

A payment gateway is an E-commerce service that authorizes payments for online purchases and works in conjunction with shopping cart software added to your web hosting account. It is the online equivalent of a point-of-sale terminal located in many retail outlets. Payment gateways encrypt information such as credit card numbers to ensure that information passes safely between the buyer and seller without an unwanted third party retrieving the information. How Payment Gateways Work There are a number of things that happen once a customer places an order on a website with a payment gateway that usually take place within a matter of seconds. A typical process would be:

- Order details are given through a website's shopping cart system and submitted by customer on a website.
- The customer's browser encrypts the information (usually through SSL encryption) to be sent to the merchant's server.
- The merchant forwards the details through to their payment gateway who in turn forward it to the merchant's acquiring bank.
- The acquiring bank then forwards the transaction information to the issuing bank (the bank that issued the credit card to the customer) for authorization.
- The card issuing bank receives the authorization request and sends a response back to the payment gateway (via the acquiring bank) with a response code (approved/declined).
- The payment gateway receives the response, and forwards it on to the website where it is interpreted and a relevant response then relayed back to the customer.
- At the end of the bank-day (or settlement period) the acquiring bank deposits the total of the approved funds in to the merchant's nominated account.

When should I switch from a merchant account to an online payment gateway? What many small retailers do to save money is use a shopping cart to take the order and payment details and process through their merchant bank account. This is a manual process and the merchant bank account must be set up to accept "card not present" transactions from the merchant's website. This usually works fine for online retailers who sell only to customers within their country. However for those doing international business, as is easily accomplished on the Internet, merchants should use a payment gateway that allows for multiple currencies. For the cost of around \$60 per month merchants are able to leave the purchasing process to the payment gateway and simply receive the payments. With a payment gateway such as WorldPay merchants are able to sell in over 150 currencies, with multiple payment options, the latest security measures and an online customer management system that allows merchants to track sales, issue full or partial refunds and configure auto statement e-mails. With WorldPay there is no need for a merchant account and payments are settled directly to your NZ bank account. What is the difference between the major payment gateways (WorldPay, DPS, PayStation & PayPro) in New Zealand? DPS, PayStation and PayPro are all New Zealand approved payment gateways that require you to have both a merchant account with a NZ bank and an account with one of the gateways. So you end up paying a combination of gateway and bank fees. A major advantage with WorldPay is that this is done for you through one account and is fully integrated with WebFarm shopping carts.

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