

Lesson no. 4 – What is Payment Gateway

1. PAYMENT GATEWAYS, MERCHANT ACCOUNTS & LOGISTICS FOR PHYSICAL GOODS

PAYMENT GATEWAYS

If you need to accept payments for entries in your recognition program, you have a few options available to you. You could ask entrants to pay by bank transfer, by cheque or even in cash at a physical location but these options require a lot of effort on the part of entrants and may have an impact on the number of entries your program receives. To give your entrants the best possible payment experience, use a payment gateway to allow for payments to be processed online by card.

A payment gateway is like the teller at a cash register, but online. A channel between your entrant and your bank account.

The payment gateway would charge the entrant for their entry (or entries!), take their payment using a card, process this payment and then, if accepted, transfer the money into a “merchant” account, like a cash register, which is connected to your bank account.

MERCHANT ACCOUNTS

Merchant accounts are the types of bank accounts that authorize merchants to accept credit or debit cards payments online. These accounts are required if you want to use a payment gateway to process transactions from your website.

It's worth noting that merchant accounts are often called MIDs (or merchant IDs).

Many payment processing and payment gateway companies provide merchant accounts. These accounts can also be opened with some large banks that provide such services.

In most cases, Independent sales organizations (ISOs) or Member Service Providers (MSPs) provide these accounts. These organizations have agreements with payment processors. In addition to this, independent contractors or Agents of ISOs also provide Merchant accounts.

LOGISTICS

Logistics is the general management of how resources are acquired, stored and transported to their final destination. Logistics management involves identifying prospective distributors and suppliers, and determining their effectiveness and accessibility. Ultimately, management establishes a relationship with the appropriate companies or handles its own logistics if it is more cost-effective to do so

In simple terms, "logistics" means having the right amount of a good at the right time, getting it to the appropriate location in proper condition and delivering it to the correct customer. Logistics is a web that links to businesses in every industry sector. The goal is to manage

the fulfillment of each customer, moving quickly and efficiently from one section of the supply chain to the next.



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