

A look at the payment
processing industry:
**comparing
providers**

A look at the payment processing industry: comparing providers

10 years ago, payments were run parallel to platforms. That is no longer the case.

The best platforms in today's market integrate different services to better serve their customers.

Payments is a powerful, yet complex integration. If payments is brand new to you, you may not even know how money transfers from a customer to a business.

Don't let that stop you.

In this e-book, we'll catch you up on the industry, provide quick facts you need to know, and we'll take a look at some of the common challenges that could come up when you're picking a payment provider.

Curious about what key factors define the top providers today? We will give you the inside scoop and provide you a side-by-side comparison of the four top providers.

Let's dive in.



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Catch me up

Payments have grown up in the last decade. Payment providers are flooding the industry, allowing Platforms to hone in on the exact product mix they are looking for.

Platforms face a unique challenges when integrating payments into their software in comparison to their e-commerce counterparts.

Integrations need to be seamless and invisible, encryption of customer data is paramount, and manual data entry is a big no.



Industries that have excelled by integrating payments:

Fitness



SaaS



Camps



E-commerce

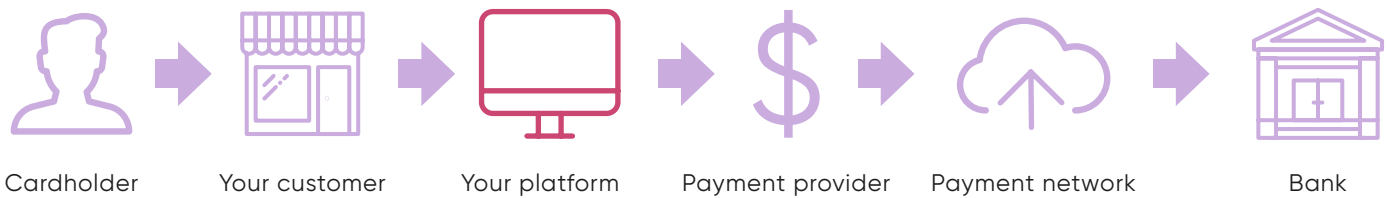


Why do I need a payment provider?

Can you build out payments by yourself? Sure, but it will be a headache. You will need to integrate with multiple card brands, banks, and undergo yearly audits.

In short, you really shouldn't. Using a payment provider will allow you to off load all the payment details you don't have time for and focus on your product instead.

Where does my solution fit into the transaction sequence?



On the surface, the electronic payment sequence appears simple: the customer enters their credit card data and a business gets paid. In reality, there's a complex series of transactions and various players involved between those steps.

Your customer's customer/cardholder:

This one is pretty straightforward. But in the interest of being thorough, we'll define it anyway: the customer/cardholder is the person making the purchase.

Your customer/merchant: This is where your customers fit in the sequence. They would use your platform (ie. Gym Software) and be able to process payments within it.

Your solution: Your platform is what your customer interacts with and uses to process payments.

Your solution would be in charge of taking a payment and passing the details off to a payment provider.

Payment provider: They are responsible for passing the cardholder's payment information and authorization along to the credit card companies and the cardholder's bank.

Payment network: The payment network is made up of the various entities that process payments around the world—such as debit cards or credit cards like Visa or MasterCard.

Payment network entities receive payment information from the providers and pass the authorization request along to the customer's bank.

Customer's bank: This is the financial institution that issued the customer's credit or debit card, and it's where the actual money comes from (ie. RBC, Bank of America).

The bank is responsible for authorizing the payment request. If everything looks good, the bank will send payment approval back down the chain to the merchant.

The challenges of picking a payment provider

As mentioned earlier, picking the right payment provider is critical to your success. But with the payment industry packed with so many options, choosing the right one for your business can be tricky.

There are a few common issues that often come up for platforms when choosing a payment service provider:

They can't offer payments everywhere your customers need. Are your customers selling to a localized market or around the world? Keep in mind that not all providers are authorized to process payments in every market.

The integration could end up taking weeks. Most development teams don't have months to spend on integrating payments. Make sure your development team reviews their RESTful APIs and SDKs, before signing up. They will be able to identify any red flags early on.

Your customers already have a merchant account. If your platform is new to payments, chances are your customers are already processing payments somehow. They will be glad to have it all in one, as long as they don't need to cancel their existing merchant account.

Look for a payment provider with a bank-agnostic gateway, ensuring there is no need for them to switch.

They aren't able to offer all the services your customers need. Your customers may have more sophisticated payment needs. You know your customer's needs more than anyone, ensure that your payment provider can support them!

Every payment provider offers a variety of services, make sure they match your business!

- If your customers are interested in subscription billing, they should tokenize payment information to keep it secure. Ask about Tokenization.
- If your customers want to use in-app or mobile payments, you will need to be able to support Apple Pay, Android Pay, Visa Checkout, and MasterPass.
- If your customers have credit cards stored, they may be interested in the ability to update expired credit card details without having to reach out to their customers. Ask about Card Updater.

What to look for in top payment providers



Ready to pick a payment provider? Great! Here are a few key features to look for that will be of interest to both you and your customers.

Features you will like

Onboarding tools: Signing up a new customer or moving your existing book of business over to new payment provider shouldn't be a pain.

When picking a new provider, look to see what they offer for onboarding tools and services. Top providers will offer multiple tools to ensure the right fit for your business. Bonus points if it is free and brandable.

Revenue sharing opportunities: Most payment providers will offer Platforms a buy rate and a sell rate. This allows you to earn revenue off of your customers processing volumes.

ex) if you buy a rate at 2.4% +10¢ and sell at 2.8% + 30¢, you will earn 60¢ on every \$100. That is \$60,000 when your customers process \$100,000.

Risk underwriting: Find a partner who underwrites and assume all risk on your customers' accounts. Payment providers can push the risk on your business, leaving you liable if your customers go bankrupt.

Features your customers will like

Contract flexibility: Fixed contracts? No way. Today's savvy customers want pricing models that can flexibly bend to the ebbs and flows of life and business.

Tokenization and PCI Certification: Secure customers are happy customers. Show your merchants you have the security chops to keep their finances safe by demonstrating you're compliant with the latest industry safety standards (such as tokenization and PCI).

While pretty much the industry norm, these are hallmarks of any well-respected payment provider.

Reliable uptime: There is nothing worse than losing a sale for your customers because your chosen payment processor is down.

Pro tip: Ensure to ask for a payment providers uptime. It should be higher than 99%.

Also, ask them to provide metrics on what their platform can handle (peak volumes and load) and other benchmark use cases.

A woman with dark, wavy hair is sitting at a white desk in a modern office. She is wearing a dark blue blazer over a blue and white striped shirt. She is looking down at a silver laptop in front of her. On the desk, there is also a tablet and some cables. In the background, there is a large window with vertical blinds and a white pendant lamp hanging over the desk.

Features you'll both like

Reliable customer service and online help: When you and your customers need support, chances are you need it right away. The best providers will have reliable customer service when you and your customers need it most, and plenty of online help tools.

Bank agnostic gateways: Help your customers avoid the headache of switching their merchant account by picking a payment provider who has a bank agnostic gateway. That means they can seamlessly integrate with any existing merchant account, and switching accounts is easy. That's just one more way your solution can differentiate itself and make setup quick and easy for your customers.

Depth of experience: When picking your provider, look not only at the product, but also the years behind that product.

- How established and reputable are they?
- What's their track-record for innovation, safety, and compliance?

Pricing models

Pricing models typically vary depending on volume, but are based on a system of buy rates and sell rates.

► **Buy rate:** This is the amount you are required for each payment. It's usually a fixed fee plus a percentage of the transaction amount.

► **Sell rate:** This is the amount that you charge your customers per transaction. It may be higher than the buy rate; in that case, you make a profit off your customers' sales. This is known as revenue sharing.

The difference between the buy rate and the sell rate varies from platform to platform, and customer to customer. Platforms can also offer their customers different sell rates, and reward high-performing customers with better deals. In addition to making a profit on their customers' transactions, platforms can also charge monthly fees or setup fees.

Side-by-side comparison

Feature	Service Provider			
	Bambora	Stripe (Connect)	Authorize.Net	WePay
Free Onboarding Tools	Yes	No	No	Yes
Partner Revenue Sharing Opportunities	Yes	Case-by-case basis	Yes	No
Risk Overwriting	Yes	No	No	Yes
Customer Service Channels	Phone, email, fax, contact form, FAQ	Email, live chat, contact form, FAQ	Phone, FAQ	Contact form, FAQ
Ability to Use With Any Bank	Yes	No	No	No
Year of Establishment	2000*	2010	1996	2008

*Established in 2000, Beanstream joined Bambora in 2015 and fully rebranded in May 2017.

Summary

As we've seen, payments can play a critical role in the success of platforms and their customers today. While picking the right provider can be daunting, hopefully the tips we've provided here can help you seamlessly navigate your selection process.

We've been around longer than most (since 2000) and have the tested know-how to deliver our clients with secure, reliable, and flexible services. We come fully equipped

with a deep pool of products and offer fully integrated and customizable service as well. And whether your customers are new start-ups, non-profits, or booming enterprises, our range of payment tools will meet their needs at any stage.

Oh, and did we mention that we like to reward our partners for bringing business our way?

About Bambora

Founded in 2015, Bambora is a collection of companies with decades of experience in the payments industry. Now a global presence, with over 600 employees in 64 markets, Bambora processes over \$47 billion USD per year. Bambora North America is responsible for processing 25-30% of all e-commerce in Canada and has equally ambitious goals for the US market.



Over 500 partners trust Bambora to deliver payment services to their customers. Join our community today.



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