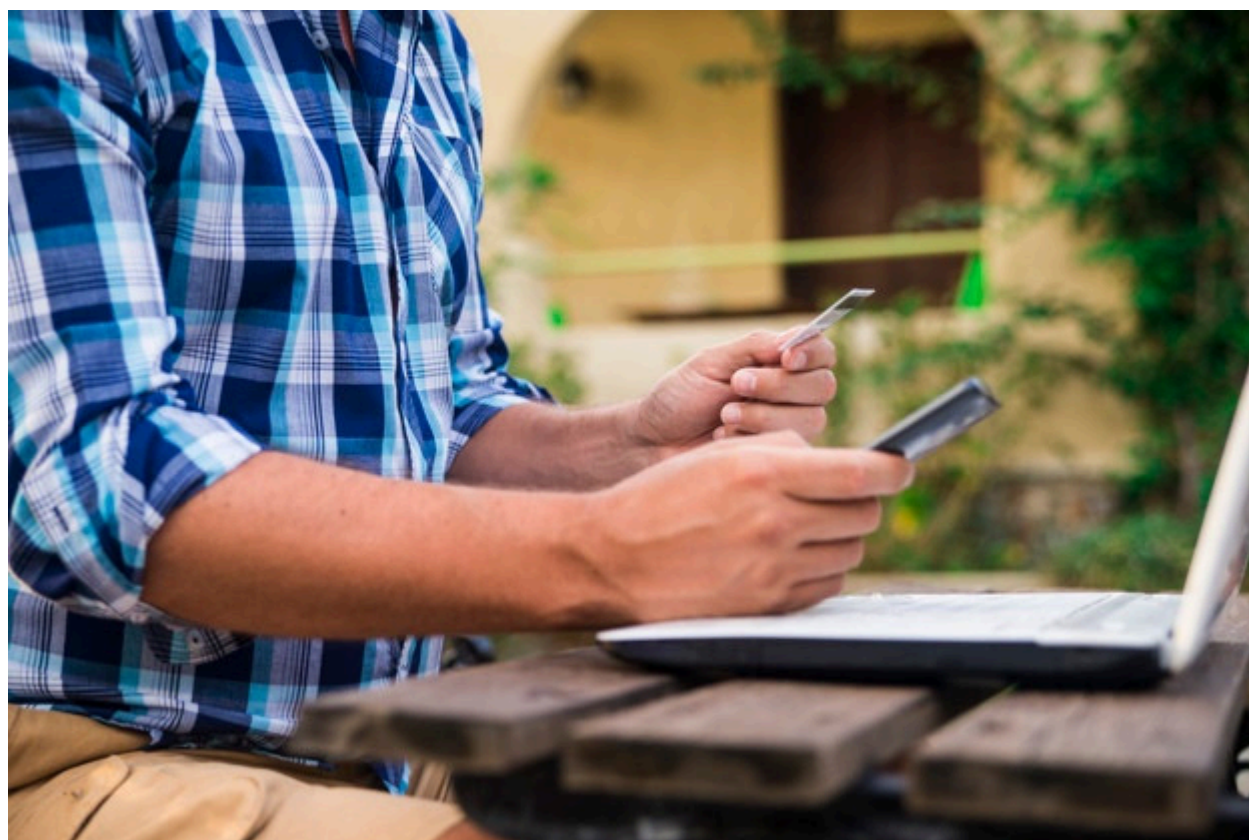




13 Common Misconceptions about Payment Gateways

While merchants understand that having access to an [online payment gateway](https://justpaste.it/payment-gateway) is necessary if they want to process credit card payments online, they frequently fall victim to popular myths about online gateways.

There are numerous payment alternatives available on the market. True, it takes time to research and find the best one. To help you avoid selecting the wrong payment gateway provider to process your business transaction, we've compiled a list of common misconceptions. Being forewarned is being forearmed. So, here are the myths we want to dispel so you can better understand what you're up against and how to proceed.



Credit and Debit Card fees are similar

Typically, the fees differ. Furthermore, regardless of whether customers use a PIN, most businesses charge more for credit cards than debit cards. The fees processors pay for debit cards are lower based on several factors, including risk, and this leads to lower debit card rates in most businesses.

Payment Gateways hold onto the money that is paid by clients

One of the most common misconceptions about payment gateways. And it is completely false. When customers place orders on a merchant's website, the [best payment gateway](#) typically collects and securely stores the data. The request is then processed and forwarded to the bank, which in turn sends the encrypted data to the issuing bank for approval.

The information is reversed as soon as the bank confirms the payment. The merchant notifies the client immediately that the order has been approved. All of this happens in a matter of seconds, and this payment option never interacts with the money.

Payment Gateways offer banking methods

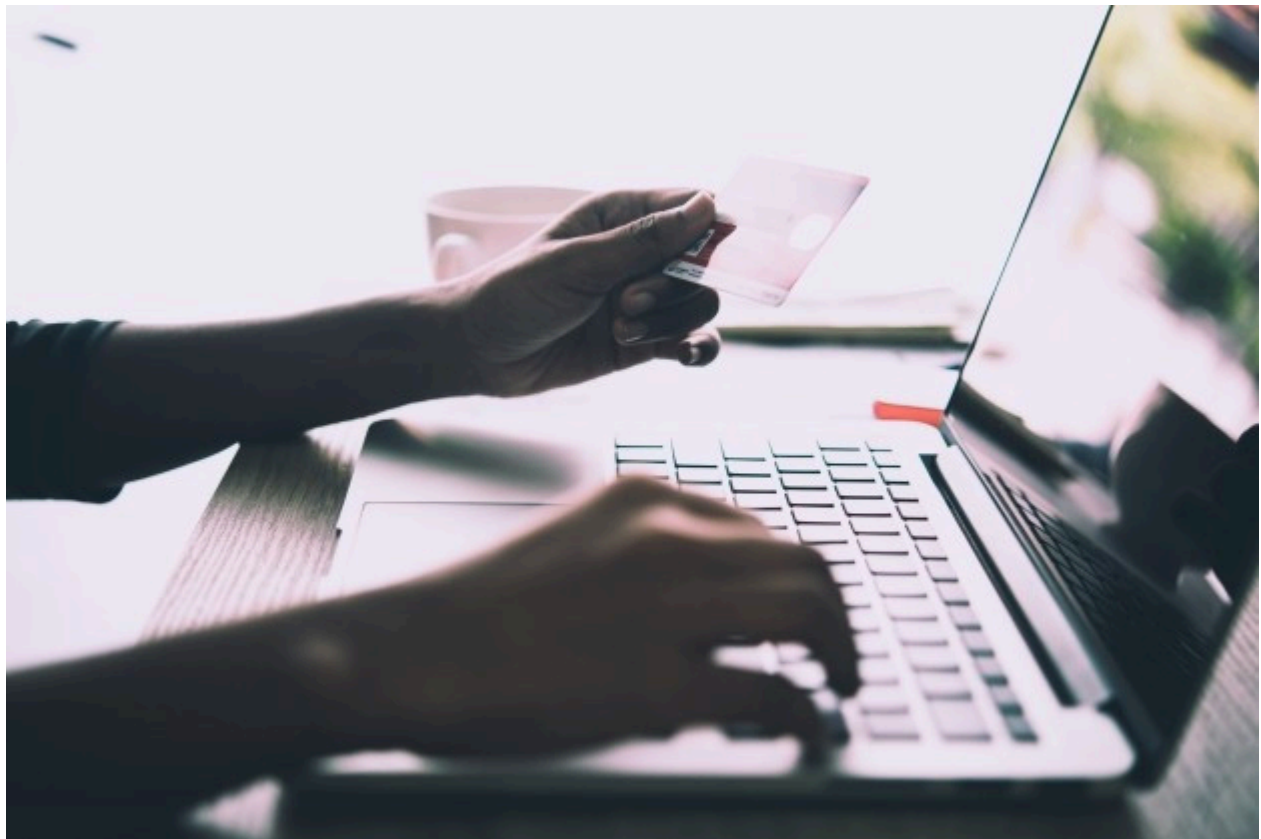
This is one of the many myths about payment gateways. Despite the fact that banks facilitate online payment processes, payment gateways are not banks and do not provide banking services. In general, a payment gateway serves as a conduit between the merchant and the processing bank. It is possible that the gateway is under the acquiring bank at times. However, this doesn't alter their role.

Payment Gateways take no responsibilities for customers' and merchant's private data

Payment gateways are designed to protect merchants from potential financial fraud or payment data leaks. This means that they are in charge of verifying the merchants' security standards. Furthermore, they encrypt sensitive customer data. They do this to ensure that all information is kept safe within the system at all times.

All Payment Gateways offer the same services

This is the most egregious of payment gateway myths because nothing could be further from the truth. Payment gateways all provide transaction processing, but while some may provide terminal setup processing, the vast majority do not. Cash advances, loan capabilities, loyalty programs, gift cards, e-commerce solutions, and other services are all subject to different restrictions depending on the merchant. Look for a merchant who provides the services your company requires.



It's impossible to switch providers due to the contract

One of the most common misconceptions about the online gateway, and one that most people fear, is that once they sign the contract, they are committed. While it may not be easy, most gateway providers are willing to negotiate with one another in the event that a client in the contract wishes to switch. You might come across an [online payment gateway](#) that is interested in purchasing your contract.

Companies that offer lower processing rates are better

While low processing rates may appear to be a good deal, there are numerous other factors to consider. The rate should never be your deciding factor because, while it may be low, it may result in poor customer service, shoddy hardware and software, incompatibility, and longer wait times for funds to be processed. Aside from that, different companies charge different rates. Some have flat rates regardless of transaction volume, while others have discounted rates. Before settling on a specific rate, consider the entire picture that the company represents.

Only Payment Gateways offer processing services

Payment gateways are not the only way to accept credit card payments in your business. You have the option of using PayPal or others. However, if you have low volume or infrequent

processing, these are manageable. Third-party processors are what they're called, and the best part is that they don't charge monthly fees.

Payment gateways, on the other hand, are the best choice if you need to process more frequently or offer automated recurring billing.

All Payment Gateway providers are crooks

In all types of businesses, there are always people trying to take advantage of others. However, not all payment gateways are swindlers. And the majority of them are extremely professional. Of course, you should check them out on sites to ensure that working with them is risk-free.

Working with the local bank is better

While it is a good idea to use local banking services, local banks do not always provide the best rates. Always shop around to find the best package deal possible. Sure, if you can get it at your local bank, go ahead and get it.

The largest Payment Gateway provider is the best

Bigger does not always mean better. You may find that smaller firms offer better pricing, and even better, you must ensure that customer support services are professional. Work with a company that treats you as a customer, not just another number in their system.

All Payment Gateway transactions are processed at the same rate

This is typically a deceptive selling point. However, when a company quotes you a bone rate, you should inquire about the non-qualifying rate. It's likely that it'll be higher than what you were quoted, and transactions will be charged at a higher rate as well. The payment pricing is referred to as tiered pricing. It might not be advantageous to you.

Only banks can provide Payment Gateway Services

Although most banks provide these services, there are other independent companies that offer payment gateway services. This means you can look around, compare different providers, and choose the one that best suits you and your company. The good news is that payment gateway providers are frequently more adaptable than banks. So, before settling down, don't be afraid to investigate all of your options.

Bottom Line

Payment gateways are complex financial interfaces that perform critical functions. You should carefully consider your options before deciding on the best one. Examine our suggestions to make an informed decision.