

E-COMMERCE: BENEFITS AND PRICING OF POPULAR PAYMENT GATEWAYS

St. Gallen, Switzerland, April 18th, 2011 - The internet opens up endless opportunities for merchants, from former selling face to face at a storefront to now being able to sell globally through the internet. However, online merchants encounter challenges concerning payment processing and security aspects, which did not exist in traditional business. Payment gateways offer a secured and trusted medium between merchants and consumers for those essential matters. Below CashRun provides an in-depth comparison of four leading internet payment gateways.

What is a payment gateway?

A payment gateway is an online service solution which authorizes and verifies online payments by encrypting the information related to payment, and ensuring that this information is securely passed between the customer and the merchant. In other words, a payment gateway is a virtual cashier acting as a middleman between financial exchanges and transfers of goods / services.

Why do merchants need payment gateways?

The wide array of available gateways allows e-merchants to extend their target markets and accept more customers in their web shops. With a single registration international merchants receive access to a wide choice of popular localized payment methods they could not set up themselves as most of them require a local company representation. Furthermore, gateways are an extremely convenient and cost-friendly way of accepting payments. Consumers have built trust in particular payment gateways and prefer to use them for their online transactions; failure to offer certain gateways can close the door to these consumers.

As payment gateways differ greatly in local popularity, pricing and security, it is important to get acquainted with the gateways, their services and benefits.

How to choose the right Gateway?

The decision should be based on a number of facts such as company's target market, industry and turnover as well as customers' preferred payment method, gateway benefits and fees. The provided details below will help merchants choose the gateway that suits their business best.

Payment Gateway	Description	Who's got access	Registered account required	Accepted industries	Payment Methods
DIRECT eBanking.com	Direct credit transfer	*Bank account holders	No	All	Bank transfer
Skrill (formerly Moneybookers)	Low-cost way to accept online payments	*Debit/credit card holders *Bank account holders	No	All, except adult, pharmaceuticals, tobacco, firearms, unlicensed downloads	*Credit cards *Debit cards *Instant banking
PayPal	Accept credit card payments	*Debit/credit card holders *Bank account holders via pre-registered account	Depending on solution	All*	*Credit cards *Debit cards *PayPal balance *Bank transfers (restrictions applied)
ClickandBuy	Full-service online payment and billing provider	*Credit/debit card holders *Pre-registered account holders	Yes	All, special quotations for adult, dating, downloads, gaming and MMORPG	*Credit cards *Debit cards *Money transfer *Invoice

* EXCEPT those which violate any law, statute, ordinance or regulation or relate to sales of (a) narcotics, steroids, certain controlled substances or other products that present a risk to consumer safety, (b) drug paraphernalia, (c) items that encourage, promote, facilitate or instruct others to engage in illegal activity, (d) items that promote hate, violence, racial intolerance, or the financial exploitation of a crime, (e) items that are considered obscene, (f) items that infringe or violate any copyright, trademark, right of publicity or privacy or any other proprietary right under the laws of any jurisdiction, (g) certain sexually oriented materials or services, (h) ammunition, firearms, or certain firearm parts or accessories, or (i) certain weapons or knives regulated under applicable law.

Which solution is more suitable for my business?

Payment Gateways are aware of the fact that no business is the same, and therefore offer different solutions. Although gateways consolidate their options to simplify the payment process, they do offer customization services to ensure merchants and their customers get exactly what they are looking for.

The following overview of provided solutions and services is vital to better understand how the payment process works.

Payment Gateway	Solutions	Payment Process	Support Service
DIRECT eBanking.com	Bank Transfer	Consumer is redirected to payment platform, and asked to enter the online banking details.	Sales, Hotline and Technical. Fixed working schedules
Skrill (formerly Moneybookers)	e-Wallet	Merchants advise customers to make payment through any of Skrill's registered e-mail addresses. Customers instruct the payments themselves and merchants process the payment manually.	For new and existing merchants
	Quick Checkout	Customers make the payment through Skrill website and will be redirected to merchant's website once payment is completed.	
PayPal	E-mail payment	Merchant requires a PayPal account to credit customer payments through his credit/debit card or bank transfer. Customer does not need a PayPal account.	Developer Community Developer Knowledge Base Merchant Technical Support Help Centre Reply within 24 hours in 5 languages
	Website Payments Standard	Merchant requires a shopping cart support (own or PayPal). Payment is processed in an external, customized, PayPal-hosted secure site. Customer does not need a PayPal account. Once payment is finished, customer is redirected to merchant's website.	
	Express Checkout	Merchant needs an internet merchant account, where PayPal is offered as one of the payment options. Customer makes payment through his PayPal account, and returns to merchant's website to complete the order.	
ClickandBuy	Transaction	Customer is redirected to ClickandBuy website, where the payment is made.	Customer care through website
	Subscription	For regular payments	
	Billing agreement	For regular customers, who only need to enter the data on their first purchase.	
	Period-based charging	Specifically for digital products. Customers only access the product once the payment is received.	

What are the costs involved?

Service fees differ from gateway to gateway and service to service. Cost can be divided in setup fees, maintenance fees, which are usually collected on a monthly basis, and most importantly, transaction fees. Transaction fees may even vary within one payment gateway depending on the industry and/or the minimum revenue.

Payment Gateway	Setup (€)	Monthly (€)	Industry	Minimum Revenue (€)	Transaction	
DIRECT eBanking.com	39.99	4.90	Mail Orders	No	1% (min. 0.10 Eur)	
			Content/Gaming		2% (min. 0.20 Eur)	
			Travel Agencies		2% (min. 0.20 Eur)	
			Adult		5% (min. 0.20 Eur)	
			Micropayment		2.5% (min. 0.20 Eur)	
					e-Wallet	Quick Checkout
Skrill (formerly Moneybookers)	0	0	All	0-1,000	1.9% + 0,20 Eur	2.9% + 0,20 Eur
				1,000.01-10,000	1.7% + 0,20 Eur	2.7% + 0,20 Eur
				10,000.01-50,000	1.5% + 0,20 Eur	2.5% + 0,20 Eur
				50,000.01-100,000	1.2% + 0,20 Eur	2.2% + 0,20 Eur
				Over 100,000	0.9% + 0,20 Eur	1.9% + 0,20 Eur
PayPal	0	0	All	0-2,500	3.4% + 0.35 Eur	
				2,500.01-10,000	2.9% + 0.35 Eur	
				10,000.01-50,000	2.7% + 0.35 Eur	
				50,000.01-100,000	2.4% + 0.35 Eur	
				Over 100,000	1.9% + 0.35 Eur	
ClickandBuy	19.95	19.95	Retail	No	2.9% + 0.35 Eur	
	19.95	19.95	Digital products		2.9% + 0.35 Eur	
	0	0	Online Money Transfers		2%	

How are merchants protected against fraud?

Regardless of the payment gateway, the risk of fraud and particularly of chargeback is always present. Gateways offer different types of protection systems to ensure transactions reaching your website are verified and secure.

Payment Gateway	Fraud Prevention	Chargeback Protection
DIRECT eBanking.com	<ul style="list-style-type: none"> *Follows online banking security *2-step verification (TAN) *TÜV-certified 	Risk is less than 0.02%. Consumer Protection Policy, which assures consumers a money-back guarantee in the event of default in delivery. Money is temporary kept in SofortBank, if goods are not delivered in 14 days; parties have the chance to make use of this Protection Policy. An agreement might be reached between parties. Only available for consumers in Germany, Austria, Switzerland, Belgium, United Kingdom.
Skrill (formerly Moneybookers)	Credit scoring, payment limits, information verified using third-party databases, new users are given lower transaction fees until account data is verified.	Chargeback fees vary depending on the monthly transaction amount processed through Skrill, the lowest being 6.90% (>100,000 €) the highest 7.90% (0-1,000€). Upon request, Skrill can absorb all chargeback loss.
PayPal	<ul style="list-style-type: none"> *Data encryption *Antifraud risk models *Card Security Code (CSC) *Antifraud specialists 	Risk less than 0.5%. Additional support: PayPal Dispute Resolution, PayPal Claim and Chargeback Team. Disputes can take up to 70 days to be resolved.
ClickandBuy	<ul style="list-style-type: none"> *Data encryption *System monitored by a network specialists intelligent IT solutions 24/7 *TÜV-certified, FSA licensed 	Basic protection included in all packages: ClickandBuy signed a special agreement with Germany-based IT-law firm called IT-Recht Kanzlei through which merchants can sign up for protection packages. There are 2 types of packages: Basis (from 449+VAT) and Komfort (from 699+VAT).

Payment gateways not only allow secure transactions, setting up an account in a payment gateway is easier, faster and involves comparably lower risk checks than signing up directly with a credit card acquirer. Other benefits of using payment gateways include their high acceptance by shoppers, and their relatively low costs, which make gateways a great value. Gateways also include partial fraud protection, and the possibility of upgrading into a full protection policy at additional cost.

For those e-merchants looking for instant payment notification and zero chargeback risk, DIRECTeBanking.com's solutions might be the best suited. The German-based company is along with Skrill (formerly known as Moneybookers) one of Europe's best known payment gateways, easily recognized by consumers in e-commerce savvy markets. Both gateways offer easy-to-install solutions and traditional protection methods against chargeback. PayPal's reputation as the biggest and safest method comes at a price, but e-shoppers around the world will surely appreciate your web shop offering the hassle-free solutions of the American giant. ClickandBuy's simple solutions and its integral yet costly chargeback protection are increasingly gaining popularity, especially among digital merchants.

How can CashRun help?

Merchants often prefer to offer one or more payment gateways on their websites. As a result, merchants having more than one liaison with different support teams, fees, coverage and conditions. At CashRun we believe that merchants should only focus on their business growth. To ensure this, the Global Payment Solution CashPay offers merchants the possibility of consolidating multiple payment gateways and integrates them into their website, through just one convenient interface. CashPay allows merchants to:

- **Diversify your Market** with Multiple Localized Payment Options!
- **Reduce Costs** with no additional fees and faster reimbursements (within 2-3 working days)!
- **Save Time and Effort** through managing incoming funds conveniently in the CashPay Online Merchant Platform!
- **Amplify Revenue Growth** - focus on your core business competencies; leave the hassle of managing simultaneously Multiple Payment Gateways to CashRun.

With CashPay's comprehensive network and payment options, and the ability to consolidate funds management from different sources into one single interface, merchants are able to simplify their receivables and focus on other more critical business aspects.

About CashRun – www.cashrun.com

CashRun was established in 2007 with the objective of supporting businesses' needs for effective and affordable online payment solutions. Since establishment, CashRun has had tremendous success with industries that are sensitive towards fraud, and continues to be at the forefront for solutions centering around e-commerce. With strong global presence and partnerships, CashRun supports businesses to develop firmly their core competencies, protect as well as maximize their revenues and growth, and minimize the risks credit card fraud presents to their operations.