

Public Payment Methods

(FDIC Consumer News)

As a small business, you've also got to think about how you will get paid. And when deciding which payment methods to accept besides cash, you should be aware of the costs and benefits, the different responsibilities connected to each (including privacy and data security requirements), and the protections that will cover your customers. Key examples follow.

Credit and Debit Cards: When you accept credit or debit cards, you'll work with a bank that will give you access to the card network payment system. That bank also will oversee your compliance with rules from the card networks themselves (such as Visa, MasterCard and American Express) that govern many different aspects of your card acceptance.



Recent rule changes made by the Federal Reserve Board under the Dodd-Frank financial reform law also limit the "interchange" (transaction) fees that large debit card issuers can charge to merchants. This means merchants like you may pay lower fees for debit card transactions than for credit cards. Also, merchants might be charged lower fees when accepting debit cards from larger debit card issuers than smaller ones.

Checks: In addition to the old-fashioned ways of depositing paper checks, you may be able to scan and deposit them to your bank account remotely. You can also initiate one-time or recurring debits from a customer's checking account.

Mobile Payments: "Mobile wallets" allow consumers to make payments using accounts — including traditional credit or debit cards — linked to a smartphone without using the actual plastic card. Along with the investment in equipment that would be needed to accept mobile payments, you'll also need to consider issues such as data security. Mobile payments also may mean dealing with companies other than card networks, which in turn may mean agreeing to different or additional terms for accepting mobile payments.

To learn more, start by familiarizing yourself with rules and procedures from your bank, Visa, MasterCard, PayPal and other payment companies you may use. Some of those requirements may be imposed by federal law, others by state law, and others by industry requirements.