

MERCHANT SERVICES VS. PAYMENT GATEWAYS

A comparison for merchants who want to accept payments online

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SERVICES.

When it comes to services, payment gateways differ from merchant service providers in how active a role they take in setting online sales up.

The lines are not always this defined, however. Some gateways offer merchant accounts and some merchant service providers tie-up with gateways on their own.

Payment gateway

- Recurring payment support
- Advanced fraud detection
- Checkout pages
- Card storage

SECURE TRANSACTIONS
PAYMENT SOLUTIONS

- Merchant account
- Merchant category code
- POS systems
- Basic fraud detection

Merchant services

FEES.

As a rule of thumb, merchant service providers are less transparent with pricing than payment gateways.

Markup rates can include any combination of additional fees over the non-negotiable ones. The full list of mark up costs differs from provider to provider (and gateway to gateway).

Payment gateway

- Variable rates for additional payment types
- Monthly fees
- Flat fee per transaction

ASSESSMENT FEE
INTERCHANGE FEE

- Variable rates for different cards and payment methods
- Application/set-up fees
- PCI compliance fees
- Monthly fees
- Statement fees

Merchant services

SECURITY.

Payment gateways are better geared towards handling recurring payments than merchant service providers.

Both offer top-of-the-line PCI compliance and fraud detection, though.

Payment gateway

- Tokenization
- Customizable fraud detection

PCI COMPLIANCE
FRAUD DETECTION

Merchant services

CHOOSE A MERCHANT SERVICE PROVIDER OVER A PAYMENT GATEWAY IF:

POS systems are a part of your sales model (if you run an e-commerce or a subscription box website).

You run a high-risk business (i.e., you're expecting more than 1 chargeback for every 100 sales).



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CHOOSE A PAYMENT GATEWAY OVER A MERCHANT SERVICE PROVIDER IF:

You process recurring payments.

You want to start accepting payments fast.

You are willing to pay less for handling a few merchant services (like chargeback support) on your own.



If you're evaluating payment gateways, we can help! We've compared payment gateways in 20+ countries so choosing the right payment gateway is beyond easy.