MERCHANT SERVICES VS. PAYMENT GATEWAYS

A comparison for merchants who want to accept payments online

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SERVICES.

Payment gateway services offer a range of services that merchants can utilize to facilitate transactions. Merchants can choose from a variety of services, including,

- Accepting payments
- Handling recurring billing
- Enrollment in fraud detection services
- Cheque bookings
- Card issuance

Merchants can also customize services to their business needs. But, merchant services providers can upsell services to their clients.

FEES.

As a rule of thumb, merchant services providers are less expensive than processing payment gateway fees. Merchant services providers typically include any combination of additional fees or charges associated with the service. This means that merchants can choose different fees to provide the best experience for their customers.

SECURITY.

Payment gateways provide an additional layer of security in handling payments. Merchants should consider security levels when selecting a service provider.

Payment gateway services often have their own fraud detection systems, whereas merchant services providers may require additional fraud detection tools.

CHOOSE A MERCHANT SERVICE PROVIDER OVER A PAYMENT GATEWAY IF:

- POS terminals are part of your sales model
- You use your service provider’s interface

You run multiple businesses (e.g., you’re selling more than 1 shop but have more than 1 shop)

CHOOSE A PAYMENT GATEWAY OVER A MERCHANT SERVICE PROVIDER IF:

- You’re looking for recurring payments
- You need to have a physical or online store
- You can significantly reduce handling fees by enrolling in the merchant services service (like chargeback support) on your own.