

ONLINE CREDIT CARD PROCESSING IN 7 STEPS

ARE YOU NEW TO PAYMENT GATEWAYS OR NEED A RECAP? HERE'S THE BASICS ON HOW CREDIT CARD PROCESSING WORKS.



The customer / buyer submits his credit card for payment in the online store.



Payment Gateway manages the complex routing of the data on behalf of the merchant through the following steps / entities.



Payment Gateway passes the secure transaction info via a secure connection to the Processor. The Merchant Bank's Processor submits the transaction to the credit card network (like Visa or MasterCard). The credit card network routes the transaction to the bank that issued the credit card to the customer.



The issuing bank approves or declines the transaction based on the customer's available funds and passes the transaction results back to the credit card network. The credit card network relays the transaction results to the merchant bank's processor. The processor relays the transaction results to the Payment Gateway.



Payment Gateway stores the transaction results and sends them to the website for the customer and merchant to see.



The merchant / seller delivers goods or services to the buyer.



The issuing bank sends the appropriate funds for the transaction to the credit card network, which passes the funds to the merchant's bank. The bank then deposits the funds into the merchant's bank account. This is called 'settlement', and typically the transaction funds are deposited into the merchant's primary bank account within two to four business days.

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