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Review of Australian Merchant Accounts

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If you want to accept credit card payments either online or offline you will need a *merchant account*. Having a good merchant account goes a long way to simplifying the payments and accounting for your business.

Here are some notes I collected on various merchant accounts when I set up the merchant account for [Sunburnt SEO](#). They are separated into three types of accounts: *online accounts* from Google and Paypal, *gateway accounts*, which can be integrated directly to your website so all payments can be made automatically, and *MOTO* (Mail-Order, Telephone-Order) accounts, which let you login to the bank's website to process credit card payments manually.



The different product features are:

- **Hosted Payment** - The bank hosts the secure payment form for your online store.
- **Embedded Payment** - The bank still hosts the secure payment form but it looks like it's your website.
- **API** - Payments can be made programmatically and integrated transparently into your online store.
- **MOTO / Virtual Terminal** - For handling mail-order/telephone-order payments you can log onto the bank's website and enter the card details.
- **Batching** - A facility to process a credit card payments in bulk at the same time, for example for subscription products.

The fees typically include:

- **Setup Fee** - Flat rates to setup the account. Can be waived or reduced with a little negotiation.
- **Early Exit Fees** - Flat rate to close the account early (normally before 12 months). Make sure you ask about this.
- **Monthly Fee** - A flat rate paid every month.

- **Annual Fee** - Some banks have annual and monthly fees.
- **Discount Rate** - Fee charged on every transaction as a percentage of the value of the transaction.
- **Transaction Fee** - A flat fee charge on every transaction.
- **Currency Conversion Fee** - For example if somebody buys a product in AUD from their US bank account.
- **Monthly Minimum** - Some accounts have a minimum monthly fee. You normally need to ADD this to the existing monthly fee.

The example price given for each product is based on 50 transactions per month at \$100 each. It includes the monthly fees, annual fees and transaction fees.

Online Merchant Accounts

These are the easiest to set up, but as Google and Paypal aren't real banks they aren't regulated as strictly. per-transaction fees tend to be a bit higher than the banks, but the other fees are lower.

| | Google Checkout | Google In-App Payments | Paypal Standard | Paypal Advanced | Paypal Braintree |
|-----------------|---------------------------------|--|---------------------------------|---------------------------------|----------------------------------|
| Hosted | yes | no | yes | yes | yes |
| Embedded | no | yes | no | yes | yes |
| API | no | javascript | no | no | yes |
| MOTO | no | no | no | no | yes |
| Batching | no | no | no | no | no |
| Monthly Fee | \$0 | \$0 | \$0 | \$5 | \$3 |
| Discount Rate | 2.90% | 5.00% | 2.90% | 2.90% | 2.90% |
| FX Conv Rate | 0.00% | 0.00% | 1.00% | 1.00% | 1.00% |
| Transaction Fee | \$0.30 | \$0.00 | \$0.30 | \$0.30 | \$0.30 |
| Example Cost | \$160 | \$250 | \$160 | \$165 | \$165 |

Gateway Merchant Account

These accounts can be integrated with your online store using a hosted payment page or completely transparently using an API (Application Programming Interface).

| | ANZ eGate | Bendigo Bank | St George IPG | Bank West | Comm VISA |
|-----------------|---------------------------|------------------------------|-------------------------------|---------------------------|---------------------------|
| Hosted | yes | yes | yes | yes | yes |
| API | yes | no | yes | yes | yes |
| Setup Fee | \$99 | \$195 | \$275 | \$575 | \$484 |
| Exit Fee | \$0 | \$250 | | | |
| Annual Fee | \$30 | \$0 | \$0 | \$0 | |
| Monthly Fee | \$40 | \$40 | \$55 | \$30 | \$44 |
| Discount Rate | 4.90% | 1.80% | 2.75% | 1.69% | 1.65% |
| Transaction Fee | \$0 | \$0 | \$0 | \$0 | \$0 |
| Minimum | \$50 | | | | \$22 |

| | | | | | |
|--------------|-------|-------|-------|-------|-------|
| Example Cost | \$288 | \$130 | \$193 | \$121 | \$141 |
|--------------|-------|-------|-------|-------|-------|

MOTO / Virtual Terminals

If you don't need to process face-to-face and website orders, a MOTO / Virtual Terminal might be all you need.

| | Bendigo Bank | BankWest | NAB |
|-----------------|------------------------------|--------------------------|---------------------|
| MOTO | yes | yes | yes |
| Batching | yes | no | no |
| Setup Fee | \$100 | \$35 | \$80 |
| Exit Fee | \$250 | \$1000 | \$150 |
| Annual Fee | \$0 | \$0 | \$28 |
| Monthly Fee | \$25 | \$20 | \$7 |
| Discount Rate | 1.8% | 1.69% | 1.5% |
| FX Conv Rate | - | - | 1.25% |
| Transaction Fee | \$0 | \$0 | \$0 |
| Example Cost | \$115 | \$110 | \$102 |

Merchant Account products are changing all the time and the rates are negotiable, so you should check with your bank for their current rates and what they will offer you. This is just to give you an idea of what is out there. (Check the product names above to go to the bank's website.)

Hope that helps you get your merchant account going.

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