

Guidelines for Suppliers

Part 1: Getting Started with Merchant Services

Did you know that WA Government Purchasing Card, also known as “credit card”, “corporate credit card”, “procurement card”, etc. gives you access to fast, secure and guaranteed payments!

Why consider accepting Purchasing Cards?

The acceptance of Purchasing Cards can greatly impact your business, In addition to the usual benefits associated with accepting credit and debit cards, such as prompt settlement and increased turnover, you will also gain

- Be guaranteed a payment within 48 hours of the purchase being made (no more 30, 60 and 90 day payment terms)
- Improve your cash flow thus improving your business performance
- Reduce your exposure to keeping cash on your premises
- Reduced administration costs - you no longer have to wait for a purchase order, issue paper invoices or chase payment
- Eliminate the need for establishing accounts for one-off or infrequent transactions
- Protect the environment by reducing the use of paper
- Increased business opportunities – your business will be included in a list of Government suppliers who accept purchase cards.

Suppliers benefit from prompt payment and a significant reduction in invoice queries and credit control calls resulting in fewer duplicate invoice requests and improved cash flow.

How do you become a “Merchant”?

If you want to trade using the purchasing card system the options for getting merchant services are wide and varied. Banks will have a specialised area to discuss the options available to you and what would best suit your business needs. There are also other non-bank merchant facility providers. For specific information on merchant options and solutions please contact the financial institution of your choice.

You don't necessarily need to bank with the same financial organisation that provides your merchant facility as most can deposit the proceeds of a merchant facility into an account at your bank. Therefore you may want to get quotes from different banks and providers.

You will need to consider the following issues before deciding on a merchant solution:

- Do you have a retail store where your customers walk in and pay for the goods with their card? You may need an EFTPOS terminal to swipe their cards.
- Do you take the majority of your orders over the mail/phone/fax/internet? Do you need an EFTPOS terminal or is there an alternative method of processing?
- Do you have a requirement for a combination of both options above? Can you have an EFTPOS terminal to swipe the cards of walk-in clients but key-enter the details of 'remote' orders?
- What volume of credit card transactions and what transaction mix do you expect?

How much will it cost?

Merchant facility fees and charges differ at each Bank or alternate provider - there is no 'off the shelf' rate.

Card mix, average value of transactions and interchange types will determine the fee structure. Credit card interchange fees are wholesale fees paid from one financial institution to another and are based on rates set by the credit card schemes (i.e. Visa and MasterCard).

These fees are charged to cover 'credit card issuer' costs such as transaction processing, authorisation and fraud prevention. Different card types have a different underlying cost base (interchange) to the merchant bank.

Most banks will quote a Merchant Service Fee based on certain card type mix. For new merchants the card mix is often a guess and the provider may retain the right to review the Merchant Service Fee if the card mix varies from what was anticipated.

Typically the Merchant Service Charge that is levied on suppliers on each Purchasing Card transaction should be looked at in conjunction with the process savings and improved cash flow available to suppliers.

Further Assistance

For information on Merchant options and solutions please contact the financial institution of your choice.

For information regarding this WA Government procurement initiative, contact the Purchasing Card Contract Manager as detailed below:

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Contract Manager

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SOME TYPICAL QUESTIONS ASKED BY BANKS ON APPLICATION FOR MERCHANT FACILITIES

Merchant Details

- What is your Full Legal Name?
- What is your Correspondence/Company Trading Name?
- What is your business location address? Are there multiple stores/locations?
- What is your postal address?

Expected Transaction Volumes

Credit transactions (from credit cards)

- How many credit transactions do you process per month?
- What is your average ticket size/sale amount?

Debit transactions (from cheque or savings accounts)

- How many debit transactions do you process per month?
- What is your average ticket size/sale amount?
- What is your Total Annual Business turnover (includes cards, cheques & credit cards)?

Main Distribution Channel

- What is the percentage of face-to-face transactions?
- What is the percentage of mail/ telephone/ Internet transactions?
- What is the percentage of total credit card transactions made using international cards?

Future Dated Delivery Transactions

- What is the percentage of total credit card sales transactions where delivery of goods or services is after the receipt of payment (whether in part or in full)?
- What is the percentage of minimum deposit required?
- What is the average number of days to deliver goods or services following payment (whether in part or in full)?

Terminals

- What is the number of terminals required?
- When do you require the service by?
- Do you require the phone line to connect to Dial or Argent?