

SPECIAL SECTION: TAKING ELECTRONIC PAYMENTS DECEMBER 2010 OREGON POTTERS' ASSOCIATION NEWSLETTER

For each issue of the Newsletter, we choose a theme and ask our membership to send in their information about that theme. Feel free to suggest themes and send in any and all information that you can. We are hoping to have this be an informative "must read" section of your Newsletter. Got ideas for future themes? Send them to JanetBuskirk@gmail.com. The February 2011 Newsletter theme will be "Electric Kilns and Electric Firing" so begin thinking about your tips and ideas about this future theme.

There are various ways that people now take electronic payments for their work. If you sell your work in person, such as at fairs, you may need a merchant credit card service. If you sell online, it may be simplest to use PayPal's credit card or check acceptance services.

If you need a merchant credit card account, there are various options. Some people use a manual imprinter (the old "knuckle buster") at a fair, then process the transactions later through electronic means. Many people use wireless electronic terminals. You can also process credit cards over the phone or via your computer. The latest technology is an app for iPhones and other smart phones that allows credit card transactions through the phone.

PAY PAL: PayPal is a service that you may use for accepting credit card sales on the internet. They have no monthly fee. Look into them at www.PayPal.com. There is also an online check service, www.PayByCheck.com. OPA member Debbie Dean uses them for online sales, and has found them especially useful if you happen to sell to overseas customers. OPA member Barbara Haddad says that PayPal used to have some security issues, but those have been ironed out and she has used them for processing payments on her website for many years with no problems. PayPal also has a "virtual terminal" that you can use, see info in the "Recommended Credit Card Companies" section

MERCHANT CREDIT CARD ACCOUNTS: If you choose to take credit cards, there are many options.

Many providers charge a monthly fee for you to receive a statement (\$20 to \$70), and most charge a fee per transaction (15 to 25 cents), as well as a percentage of each sale (2.5 to 4%). There is also usually an annual fee. These fees usually vary depending on your sales volume, whether you swipe cards or hand-key the numbers into your machine.

You need to determine what yours needs are. People who do many transactions every month may want a higher monthly fee and smaller percentages and per transaction fees. For people who use their credit card service rarely, you will want lower monthly fees and higher percentages and transaction fees.

The type of terminal you choose may also affect the fees you pay. See information under "Choosing Credit Card Terminals."

Beware of "free" credit card machines, since they almost always come with high monthly fees, termination fees, discount rates, or other hidden fees. The website, www.1nbc.com/artisan.html, shows sample contracts with credit card processing companies. One contract is for a typical "free wireless credit card machine" which discloses only some information, another is for the same product, but disclosing all fees. They also show a contract in which the merchant buys everything upfront. The website also has a "Buyer Beware" section which is worth reading before you shop around for your merchant credit card processor.

Make sure to ask any provider about their "mid-qualified" (also called "partially qualified") and "non-qualified" rates. These are the additional fees you pay if you hand-key a card number into a terminal or accept rewards cards, government, corporate or overseas cards.

April Zilber of the Association of Clay & Glass Artists of California (ACGA) recommends asking the following questions: Is the rep. easy to reach? Do you know someone else using this service? Does the merchant service provider/processor they connect you with have 24/7 customer support? Does the processor have high data integrity (90% or more)? Does the rep. tell you about ALL the rates and fees? Also, ask whether any downgrade charges appear on the same monthly statement as the processing charges. Does the rep. educate you about the different rates and per item fees associated with different types of credit cards? If you decide to shift to a different system (either offered by your rep, or by another provider), is there any penalty for terminating the previous contract?

If a fixed discount rate sounds too good to be true, there probably are a lot of additional fees that you will pay. A typical fixed discount rate is about 2.25%. A list of "acquirers" (companies that offer merchant accounts) is available at www.visa.com and www.mastercard.com.

(The above information was compiled from various sources, including the *Association of Clay and Glass*

Artists Newsletter and from the Sept 2008 *Art Calendar*, March 2010 *CraftsReport*)

Most of us find that selling work to the public involves accepting credit cards. But there are other options. OPA member Barbara Haddad says "I absolutely hate taking cards. Their fees are predatory and the paperwork drives me nuts especially if there is a return or problem. I send ware home with people and they always send a check and usually a nice note or card. Pottery isn't like silver or gold jewelry that has \$ value apart from its artistic merit."

RECOMMENDED CREDIT CARD COMPANIES: Below is a list, in no particular order, of companies that process credit and debit cards. All of these companies are recommended by OPA members or by another organization with whom we are in contact. Most people using these companies have an electronic terminal and have the terminal programmed to process cards through the company of their choice. There are also options to process cards through your telephone or computer. Typically, the company you choose to process your merchant account is really a "middle man" which sends the payment through yet another company to do the actual processing.

TeaMac: Recommended by OPA Member Jan Richardson, they specialize in processing credit cards for artists, especially in remote locations using wireless terminals. They donate over 10% of profits each year to artists who have had devastating losses, sending monetary support, replacing damaged or stolen terminals and suspending monthly fees while they get back on their feet. They are a family-owned company. Contact Jennifer Hinkle, TeaMac, Inc, 430 Sawmill Rd, Port Matilda, PA 16870, (800)873-1192, www.teamacinc.com

The Artist Credit Card Lady: OPA Member Marilyn Woods says "She is a true advocate for artists and works hard to make sure that you get the best service anywhere and fair rates." OPA member Cynthia Spencer says "I switched to Artist Credit Card Lady 2 years ago. My processing is through SAGE payment systems. I bought a "Store/Forward" machine (see comments under "Choosing Credit Card Terminals") through her that is a step up from the old swipers without printers, but may be obsolete by now. It gets the card present/ automatic swipe rate of 1.5-1.7% if I upload on the day of the transaction, with per transaction fee of 20-25 cents. With all of the other ... fees it seems to add up to about 3-3.5% total when all is said and done. I pay a \$6/monthly fee for statement, \$50 PCI compliance fee and got one \$60 annual fee last year." Contact Betsey Kane, www.artistcreditcardlady.com, betsey@artistcreditcardlady.com, 301-263-1073, cell 202-494-9498

SwipeNow: Travel Portland, which OPA has joined, is partners with SwipeNow, "a cost-effective merchant credit card-processing service available to all Travel Portland partners. SwipeNow works with multiple processing banks, so each client is matched with the best processing bank for their business' specific applications and needs. Providing small, medium, and large businesses with low rates and the latest technology, SwipeNow offers savings of 20-40% off other card-processing programs. For more info contact Tim Holstein at 503.493.0551."

Discover/Novus: The OPA has a relationship with Discover/Novus, and through them you can take Discover, VISA or MasterCard. To get a quote from them, call their franchise account department (800-767-7392 for franchise dept, customer service is 800-347-2000) and give them the OPA's "franchise code:" 1343. Their rates are typically about 2.5-2.8% plus 8 cents/transaction. They do not require monthly minimums, charge fees for new accounts, or charge annual or monthly fees. Be advised, though, that VISA and Mastercard usually have some additional transaction fees, percentages or annual fees. OPA Members Janet Buskirk and Faith Rahill use them and have had good experiences, but a few OPA members have had hidden monthly fees. Processing VISA/ MC is through a 3rd party, Janet's is FDMS (First Data). FDMS charges an annual fee which varies from year to year from \$25 to \$125. There is also a \$125 fee to break their contract.

ProPay: OPA member Mark Timmerman reports that they "charge a reasonable annual fee and competitive processing fees. The current basic plan starts at \$49.95 (with no monthly fees). This allows you to accept \$3500 of credit card purchases each quarter. If you anticipate higher sales, there are additional plan options." He originally processed his payments using his computer, then "ProPay offered a card reader that makes the process even easier. The card reader is a small blue device that you can take to shows in place of a "knuckle buster". When you process a transaction, you write out the receipt, collect the customers zip code and name and then swipe their credit card through the reader. The reader is secure and encrypts the customer's credit card so you see only the last 4 digits. Once you get home, you plug in the reader to your laptop or pc via a USB cable, log on to their website and the credit cards process one by one... The transactions are processed easily and you can print the report or rely on the on line copy. The reader is optional and currently only \$89.95". Check <https://epay.propay.com/>

Costco: OPA members Deborah & Andre Shapiro say "...the best deal we found if you take credit cards a lot all year round. Base cost of \$19 per month... 20 or 33 cents per transaction... and a percentage charge (1.48% to 3.80%, usually 2.2%). In months where you don't use the service, they charge \$19 plus a \$20 non-use charge for a total of \$39. You never pay less than \$39 for a month. It's not as complicated as it sounds. We did all this

research years ago, and it changes all the time, so I can't swear anything! We're relatively satisfied with our service and our machine. Yes, it costs a lot more than just taking checks and cash, but we would lose a lot of sales if we didn't take credit, especially now that many people use debit cards instead of cash. It's one of the (not so hidden) expenses of doing business as a full-time potter."

PayPal: PayPal has a "virtual terminal" which can be used to process credit cards. OPA member Sara Swink used it recently: "It's \$30 per month, I used only for one month, then canceled the service. They take 3.1-3.5% plus 30 cents per transaction. I had the customer write down required info, including their name and address, on a form I made for this purpose." She then ran the sale through her PayPal account on her computer (the customer does not need a PayPal account) and printed a receipt. "All the transactions show up in PayPal in a nice neat little list, with all the transaction fees broken out. After a couple days I transferred the proceeds to my checking account."

Sage Payment System: OPA member Jeanne Henry says "I use sage payment systems. Works for now but is \$6 a month plus 4%." She uses an online system with her laptop.

NPC: OPA member Halima Wolfgang says "NPC secure has good rates for non-profits. I always enter the charges online, we never had a terminal, and there are good options with the right kind of iphone or smartphone, but I use the computer." [Www.npc.net](http://www.npc.net)

The National Association of Independent Artists (NAIA) fall 2010 Newsletter mentioned two Smart Phone credit card services. They did not like Square (see below) because of the \$1000 maximum that can be deposited right away. Both of the ones they recommend are \$7.95/ month, 1.65-2.89% plus 20 cents/ transaction fee. Both have a \$25/ month minimum charge. Other info is:

Merchant Warehouse allows you to put your account on hold during the off season. Their swiper is a Bluetooth device that costs \$149. 800-791-9715, ask for Lee and mention that Wendy Hill referred you,

imailoux@MerchantWarehouse.com,

http://MerchantWarehouse.com/credit_card_software/merchantware_mobile_iphone_application.

Payment Max's swiper plugs into your iPhone and costs \$49. The author (Wendy Hill) noted that their customer service was difficult to communicate with. 800-979-0210, SalesGroup@PaymentMaxHQ.com, <http://www.PaymentMax.com/about-us/comparison-chart.aspx>.

The Potters Council has merchant services through Chase Paymentech (\$3.50/month, www.CeramicArtsDaily.org/Potters_Council)

The Association of Clay and Glass Artists of California have compiled a list of artist-friendly credit card processors:

United Bank Card (Richard Dorsey, 707-538-0700 office, 707-386-3221 cell, droubler@yahoo.com);

POS-West (Shelby Palms, 650-630-3331 cell, www.pos-west.com, shelby@pos-west.com);

Artist Credit Card Lady (See info above)

Each allows for at least one period of "inactivation" per year. Each charges a monthly fee for statements. Their rules vary about whether you may use your existing equipment or buy or rent from them. They also have different rules about the monthly minimums, average rates that they charge, set up fees, cancellation fees, and annual fees. Another provider their members recommend is:

Passport America (one-time sign up fee, reasonable percentages, no need to use it on a regular basis, no monthly fee)

SQUARE: THE NEW IPHONE APP: Square is a new iPhone app that has recently been launched by Jack Dorsey, co-founder of Twitter. According to David Pogue, Technology Columnist for the New York Times, in a Sept 29, 2010 article: If you own an iPhone, iPad, iPod Touch or Android phone, you have the technology to use Square. If you sign up for Square, you receive a free card reader attachment that plugs into your headphone jack (the cardreader sometimes takes a couple of tries, and the early version of the cardreader often did not function. Many early problems are now fixed). The transaction fees are 2.75% plus 15 cents. There is no monthly fee. A clumsy aspect of this is that the customer signs their receipt on-screen using their finger, but a coming revision should improve this. You can also accept keyed in (card not present) transactions for a rate of 3.5%. There is no maximum amount that you can accept through Square, but they will only deposit \$1000 per week right away. Anything over that is reviewed by their auditors and may take over 30 days to post to your account. To read the New York Times article, go to

<http://www.nytimes.com/2010/09/30/technology/personaltech/30pogue.html?src=me&ref=homepage>.

Check Square at <https://squareup.com>

A few OPA members are trying it. Some comments are:

"I had the opportunity to use it for the holiday sale and I have to say, I am very pleased with it this far. The sign up was free and they sent me the credit card swiper within 7 days of activating my account. I actually "signed up" for it several months ago but I didn't have any sales coming up so I didn't "activate" it until very recently. There are no fees associated with either sign up or verification, and they sent the credit card swiper free of charge. I didn't encounter any problems swiping credit cards. I even noticed that I got verification from the banks sooner than my associates' credit card machines did. At the end of the day, Square deposited that days earnings into my bank account. They email me a receipt at the end of each transaction, and I can also log into my account and verify each transaction and the fees that they take from each." -Becky Clark

"The biggest thing that may cause problems is that you must have a cell signal or internet access when processing a transaction, which could cause problems in some buildings or in the middle of nowhere." -Erik Horn
"...you can set it up so that transactions are deposited right into your bank account. Receipts can be emailed to the customer." -Debi Nelson

During "my weekend show, fees from running credit cards using Square totaled \$26, less than the \$30 monthly fee charged by other services like Paypal (which I used last year). I am sold!" -Jennifer Gauer

"I need my backup manual swiper to use when a card doesn't work." -Adrienne Stacey

CHOOSING CREDIT CARD TERMINALS: Electronic terminals cost \$400-1500

Some people choose not to use a terminal. OPA member Reneé Shearer uses her telephone to key in her transactions. Jeanne Henry uses her laptop to send her transactions to her provider. Sara Swink uses PayPal's Virtual Terminal (see info under "Recommended Credit Card Companies"). For any of these, you typically use a manual imprinter (knuckle buster) and have the customer sign this. Then you key the credit card number and dollar amount through the telephone or computer and receive a confirmation code from your provider. This is more time consuming than using a terminal, and you probably pay a higher percentage or per transaction fee, but it allows you not to purchase or rent a terminal.

Purchase or rent? Most merchant credit card companies offer terminals. You can purchase them or rent/ lease them for a monthly fee. Sometimes you can rent them for a period of time, then buy them for a slightly reduced price. You can purchase a terminal from many companies, but you would probably need to rent one from your merchant credit card company.

New or used? Many companies sell new, used and reconditioned terminals. Before you purchase anything, make certain that you can get the terminal reprogrammed. Call your merchant credit card provider and ask if they will program the terminal you are considering.

Wireless or not? Wireless terminals do not need to be plugged into a phone line and many also are battery operated and need no power plug. If you have no land line or have limited access to land lines when you accept cards (such as at craft fairs), you may want wireless. Store/ Forward terminals need to be plugged into a phone line but have an "offline mode" that allows you to swipe cards without being plugged in. For these, you must plug the terminal into a phone line later in the day and upload the information, but beware that if you swiped a bad card when working offline, you are out of luck. Most merchant credit card providers will allow you to hand key transactions into a terminal if you were unable to use a phone line or power line for your terminal (this usually incurs extra fees). Consider whether you will need to plug into a phone line and/ or a power line when you swipe cards.

PIN pads: Some terminals accept all cards as "credit cards," others have a PIN pad and can differentiate between debit and credit cards. Often, you buy the Pin pad separately. Typically "credit card" transactions charge the merchant a small fee (25 to 50 cents) plus a percentage (1.5-4%). "Debit card" transactions charge a slightly higher fee but do not usually charge the percentage. Check to see if the terminal you are purchasing is able to accept a Pin pad. Many are not.

Smart cards: These are credit cards that have a computer chip rather than a magnetic strip. Some years ago the credit card industry claimed that all credit cards would eventually be smart cards. This may or may not ever happen, but older terminals cannot read smart cards. Check to see if yours can read them.

What types of terminals do OPA member use? Well, that remains mostly unanswered. Very few people actually recommended their terminal. James DeRosso has used a Lipman Nurit 8000, which he said was easy to use, had a built in printer and was used successfully as a Store/ Forward terminal. Debbie Dean uses a Link Point 10A, Faith Rahill uses a Hypercom T7E/T8 and Janet Buskirk uses a Tranz 330. All three of these terminals are very old but dependable. Many OPA members complained that they did not like their terminals, some had problems with the Store/ Forward terminals declining cards later (not a terminal issue, but still something to consider). Others had problems with the Store/ Forward feature screwing up (losing or adding transactions) if the terminal, while being moved to a phone line, got cold or was banged around.

SOME RANDOM TIPS:

Declined cards: If you are searching for a customer whose card was declined, there are various internet options. OPA member Cynthia Spencer recently found some deadbeat customers using Facebook. A few minutes with Facebook or www.whitepages.com may save you some lost money.

Make sure that you get information from your customers: When you accept a credit card, ask the customer for a phone number. It's a simple thing that may help you out if you have trouble later. If you are not swiping their card, most merchant services will give you a better rate if you provide their address when you key in their card information.

Ask your own bank: Some OPA members report that they use their own banks for their merchant credit card services. Adrienne Stacey uses Chase, and while they offer many useful services, she is not completely satisfied with them. Debbie Dean uses Wells Fargo, and says that their rates are high, but the money is in her account very quickly and they have not had discrepancies in her account (she did have discrepancies with US Bank, who also charged higher rates). Linda Klaus uses her local, private bank, and says that they allow her to close her account seasonally and only pay a monthly fee for the months she uses it.

Check Better Business Bureau ratings: The Better Business Bureau website has ratings for businesses. It's worth a quick look before you choose a provider.