



Card Transactions on the Rise; What Should You Seek in an Acquiring Vendor?

Card transactions are filling the vacuum left by a declining number of cheque payments in Europe.

Statistics released last autumn by the European Central Bank reveal that card payment volumes rose between 2000 and 2007 at an average annual rate of 12%, while cheque payments were on the decline during those years at an average annual rate of 5%. In 2007, cards were the most popular form of cashless payment instrument in the European Union (EU), accounting for 36.9% of the total volume of transactions.

What's more, credit cards are the preferred payment method in European online retailing, according to the Pago Retail Report 2008 by Deutsche Card Services. Consumers use credit cards to pay for more than eight of 10 online purchases, according to survey results released earlier this year. As the online channel becomes more and more important, many companies are becoming multi-channel distributors or even completely shifting their sales toward cost-effective e-commerce.

Buyers appreciate the convenience of cards, along with perks such as rewards and insurance coverage and the ample security that most acquirers provide — plus the short-term extension of credit granted through credit card purchases. Meanwhile, retailers that accept cards enjoy increased sales by offering an additional payment option, plus faster checkouts and good funds within days.

Overcoming the Cost Hurdle

The primary hurdle to card acceptance for most retail organisations has always been cost. Debit cards carry transaction fees and accepting credit cards requires a company to pay merchant services and interchange fees.

Because of these costs, many companies opt for alternative payment methods, especially direct debit collection and/or the traditional methods such as invoices, pre-payments and cash on delivery. On first glance these payment methods are less expensive, but ultimately their costs exceed or at least equal those of card payments due to time-consuming administrative handling processes and the high risk of loss of payment they bring, in some cases resulting in expensive dunning and debt collection efforts and adverse liquidity.

Acquiring Services Landscape

Companies looking to accept card transactions in Europe today find a fragmented market for acquiring services with no provider offering services throughout the EU. This is especially true for the point-of-sale business.

Pan-European service coverage is the goal, however, for one recent entrant into the merchant services marketplace: Deutsche Card Services, which was formed in October 2008 following Deutsche Bank's acquisition of Pago eTransaction Services GmbH, a technology leader and full-service provider in card-based online payments.

The creation of Deutsche Card Services complements Deutsche Bank's comprehensive suite of receivables products for a global client base.

Deutsche Card Services is already the leading pan-European acquirer for online and mail order/telephone order (MOTO) commerce, and the Deutsche Bank subsidiary's roadmap includes adding point-of-sale acquiring capabilities across most of the EU by the end of 2010.

Deutsche Card Services also offers the stability of being backed by a global bank committed to investing in the card business as part of a total cash management solution.

Maintaining Card Data Security

One of the critical considerations when selecting a card acquiring vendor is finding one that can help your company comply with the Payment Card Industry Data Security Standard (PCI DSS). This is the global standard for security related to storing, processing and transmitting cardholder data.

Meeting the PCI standard helps a company minimise the risk of card-data theft. All companies that accept cards must also adhere to this standard in order to avoid card-association fines, as well as potential liability and brand damage in the event of a security breach.

Achieving the required certification of PCI DSS compliance can be a time-intensive process. However, a company can relieve itself of much of that burden by working with a PCI DSS-compliant merchant services provider.

Deutsche Card Services meets this test. Earlier this year, its platform became the only payment platform to receive the PCI Security Certificate five times in a row.

To learn more about the benefits of accepting credit and debit cards in your business, the services and assistance you will need to accomplish that, and achieving PCI DSS security compliance, e-mail [Detlef Henkel](#) in Global Transaction Banking at Deutsche Bank, or call him at +49 69 910 68440.