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Contingency planning for merchants with multiple acquiring banks

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Key premise

Having a contingency plan for the possibility of losing a relationship with your bank ensures you have the flexibility and opportunity to continue processing payments if the worst does happen.

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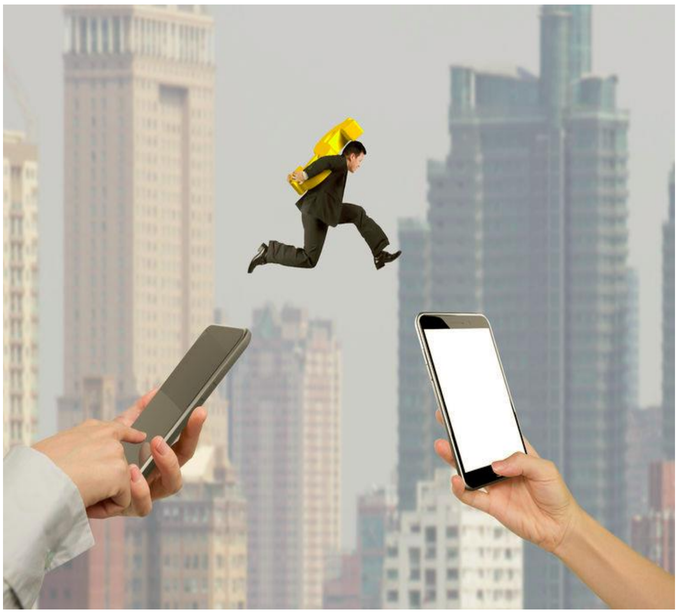
‘IN TODAY’S WORLD SHOCKS ARE BECOMING THE NORM’

01. INTRODUCTION

When you’re a merchant managing your own business, you have a lot to plan and prepare for. Not least, what happens when something goes wrong. Preparing for what can go wrong with your acquiring bank might not be something high on the list but if it does happen, it can prevent payments being taken with immediate effect and put a strain on the business. Having a contingency plan for the possibility of losing a relationship with your bank ensures you have the flexibility and opportunity to continue processing payments if the worst does happen.

What is contingency plan?

This is a document or a process that you as a merchant have, should something happen in key areas of your business. Having the ability to easily manoeuvre through a critical problem with a key part of your company ensures that the stability and continuation of business reduces the impact and provides time for solutions and alternative ways of working to be reviewed and analysed. Having a contingency plan in place can ensure that potentially business



Multiple acquirers

Having the ability to process more than one option provides business with options and opportunity. Utilising two banking partners can often be seen as something for higher risk merchants. However, with the ever changing face of banks and financial institutions and their own evolving appetite for different types of merchants and size of merchants can have an impact on everyone. As a business gets larger, the option that a secondary acquirer has can have a huge impact and the benefits that this can bring are discussed in this white paper.

02. WHY YOU MAY NEED A CONTINGENCY PLAN

A contingency plan may need to be formulated for many reasons. You will need to be assess all of the possible risks to your business, even if they seem unlikely. You will need think about how these occurrences will affect the business.

Catastrophes such as deaths or serious illness are also something to consider. This can have a detrimental effect on a business and halt progress. Insurance can cover all of these things.

You should intend to protect the property, equipment and goods of the business. Property can include intellectual property as well.

This will also act as a guide to help your staff and employees should anything go wrong.

03. WHAT TO INCLUDE IN A CONTINGENCY PLAN

Here are some primary reasons as to why a business should have a contingency plan in place and considerations:

- The incidence of a major disaster. Consider what would happen if there was a natural or man-made disaster that impacted on companies' ability to work from its location.

- If an acquirer suspends or closes down your ability to process payments and having one solution severely impacts the ability to take orders. This is discussed in later pages.

- Key personnel in the business are critically important. Consider what would happen if one or more of them were no longer available to the company.

- Changes in the political and economic landscape (for example, the EU referendum result) can have consequences.

- Movement in laws and tightening of regulation for some business can have an impact. If a company operates in an area which is going through legislation changes, there could be a need to act quickly to comply with new requirements.

- Stock/service providers can often be one area which is overlooked. Buying all of the stock of a company needs from one source can put a business in a difficult predicament if there are tensions or the other companies ceases to exist.

- System and network solutions are the key to many of today's businesses. If these are not available, this impairs the ability to work effectively and receive orders and communications from third parties and consumers.

- While many companies now operate a 24 hour service, many others follow the more traditional working day. Problems and issues which occur out-of-hours can have a sizeable impact if no one is aware.

04. BENEFITS OF HAVING MULTIPLE ACQUIRERS

- Providing a secondary acquiring facility on the same gateway network allows merchants to ensure they process with the most effective one.
- Giving a merchant redundancy if there are any technical issues/downtime with one of the banks.
- Allows a merchant to be in a stronger position when it comes to pricing and security.
- Does not put the merchant in a position of having to 'scramble' for a new service if served notice.
- Provides scalability and more options for the merchant.
- A merchant can save money on transaction fees, as well as settle accounts faster.
- Makes running an account much easier and more efficient.
- Having all data and management information stored across multiple banks in one place allows easier reconciliation.
- Gives the merchant a way of checking success rates on transactions against other banks.

The downside of having multiple acquiring relationships is that it costs more than having one.

Having a suitable second (or more) solution provides the contingency the business needs and much like any insurance, it only has a true value when it's needed and put to use.

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End

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