HOW DO PAYMENT GATEWAYS WORK?

A payment gateway instantly connects your business to the card networks for transaction approval and settlement. Gateways are versatile, usable on mobile phones, tablets, computers, and on ERP or CRM systems, whether the card is swiped, chip card-read or hand keyed. Below are the most common steps for a transaction using the gateway process.

**STEP 1**
You or your customer enters the relevant credit card information by swiping the card, inserting it in a chip reader, or manually inputting the account number directly into the payment gateway, linked terminal, or POS.

**STEP 2**
After hitting “SUBMIT,” the encrypted payment details are sent to your payment processor by the gateway with an additional layer of encryption to protect cardholder data.

**STEP 3**
The payment processor instantly notifies the customer’s card-issuing bank that a transaction is pending.

If the customer’s bank:
- Rejects the transaction, the sale doesn’t go through.
- Approves the transaction, the sale goes through and the transaction continues down the path of settlement to deposit funds into your bank account.

**STEP 4**
The payment processor communicates either the authorization or decline back to the payment gateway.

**STEP 5**
The payment gateway sends the transaction approval or decline message back to the person who originated the transaction, either you or your customer. Funds are deducted from the customer’s account and deposited into yours.

CONGRATULATIONS: TRANSACTION SUCCESSFUL!!!