SCHOOLEY MITCHELL

The Cost Reduction Experts

Authors: Shannon Mischler & Marc Schwalb

Payment Integration: An Essential Guide

The world of payment processing is incredibly complicated, with lots of different moving parts. Depending on how your business or organization operates, it only becomes increasingly complex. Payment integration is the process that simplifies all of that, ensuring a seamless experience across various systems, platforms, or applications.

In this article we look at what payment integration is, and its benefits for both the merchant and consumer.

How does payment integration work?

Integrated payments happen when a merchant's payment processor is connected with their point-of-sale system (POS), e-commerce platforms, accounting software, or other business management tools, such as a CRM. This means customers can pay with credit, debit, Apple Pay, and more, without the need for manual processing, separate terminals, or when purchasing online, without leaving the platform or switching to another application or website.

Likewise, because it connects to other management software, integrated payments allow for the real-time monitoring of inventory and sales data.

Essentially, all payment integration processes should:

- Make the user experience seamless.
- Streamline the merchant's operations.
- Offer multi-channel support, across all of the platforms you require.
- Be incredibly secure.
- Offer reporting and analytics.

Integrated payments are commonly facilitated through Application Programming Interfaces (APIs) - protocols that allows different software applications to communicate with each other.

Essentially, payment APIs enable applications to accept and send payments by ensuring that all involved parties can "talk" to each other. Think of them as the middlemen between your payment processor and whatever software your business is using for its CRM or other processes.

Why does your business need to think about payment integration?

On top of the benefits to your own operations, customers expect ease and convenience when making payments. Not only that, they expect options. As much as 63% of retail customers prefer to use integrated payment options – such as Apple Pay, Google Pay, etc. – when making purchases. Your customers want online options, want to be able to pay from their phone, and don't want to have to enter their information every single time they shop with you. All these factors come down to payment integration.

> "Customers expect ease and convenience when making payments."

Integrated payments can improve your bottom line.

Simply put, payment integrations save you time and money, which in turn, makes your business more profitable. It does this in the following ways:

- Reduces the gap of time between your customers' transactions and you receiving funds.
- Reduces cart abandonment in online interactions by making the process as simple as possible for the customer.
- Potentially reduces costs by amalgamating several payment and

accounting processes into one application.

- Minimizes mistakes made by human error.

On top of all the benefits to your bottom line, there are also some constraints.

Payment integration APIs can tie you to one processor. For example, let's say an automotive repair business uses a specific CRM software to keep track of client data, as well as send real-time updates on its customer's repair status. Well, there's a decent chance that the payment API needed to integrate that specific CRM with a merchant services provider exclusively works with one processor. Thus, your ability to switch to a processor with better rates may be dependent on its compatibility with your current CRM system. Many will trade convenience for price because it's a lot easier to continue overspending than to completely change your operations. For that reason, it's not uncommon for businesses to choose a more conservative approach, limiting operational upgrades.

In this regard, despite improving your operations and having a potentially positive impact on your bottom line, payment integration does remove some of your choices as a business owner.

What's the solution, as a merchant, who wants the benefits of payment integration without the loss of agency when it comes to choosing a provider?

Connectors give you the best of both worlds.

To work around processor exclusivity requirements and integration protocols, customized software called 'connectors' are commonly employed. Connectors use APIs to establish communication between two applications that are otherwise not designed to work together.

So, in the automotive repair shop example, if you wanted to keep your current CRM and try a different processor, you would have to use a connector to make this possible. Depending on the potential savings, it may be worth paying for a connector.

How do you get a connector?

Connectors aren't something your processor is going to advertise being an option, so how do you find them?

Connectors are offered through third-party developers. These are available to businesses in two main ways:

- Building custom connectors upon request to meet specific needs.

- Licensing out a pre-built connector based on a common need among many businesses for a feed per pay period.

The former option is much more expensive than the latter, so the cost-benefit analysis of that choice must be carefully considered. If a pre-built option for your specific needs exists, there's a good chance it could result in significant payment processing savings.

What if you don't utilize payment integration?

Of course, there are alternatives. And for some businesses, these methods may work just fine and make sense for the kind of transactions they process. These include:

- Manual processing – where employees input details by hand into a payment terminal or processing software.

- Hosted gateways – where a third-party service that processes online payments requires customers to leave the business's platform and go to a separate payment page to complete their transaction.

- Standalone payment processing software – where a business employs a software specifically designed to handle payment transactions independently without being integrated into a larger business application or system.

As your business grows, considering payment integration might be prudent for anticipating customer needs and making operations more seamless.

In conclusion...

In the era of e-commerce and mobile payments, integrating your merchant services solutions is key to staying on top of business growth and meeting your customers' needs. Especially with connectors as an option to give you agency in choosing your processor, payment integration takes your payment processing capabilities to the next level and can significantly improve operations.