

Finding the Best Payment Gateway for Your Business



What you'll learn:

- How payment gateways work and why they're essential for both online and in-store sales.
- The pros and cons of each type of gateway: on-site, redirect, and hybrid.
- Key limitations to watch out for, from international compatibility to security risks.
- What to ask when choosing a gateway to protect your business and streamline checkout.
- Why stacking multiple payment gateways can improve conversion and customer trust.

Cash just lost to cards for purchases under \$25 — .

This shift matters because your business needs a payment gateway that works as seamlessly as the old cash register, but most companies don't know what to look for when choosing one.

The numbers tell the story. People under 55 used cash for only 12% of payments in 2023, compared to 22% for older consumers. This the move away from physical currency.

Payment gateways process credit card data for both online stores and physical retailers. Think of them as your electronic cash register, handling the complex work of moving money from customer accounts to your business.

The challenge is finding one that's both secure and convenient. Choose wrong, and you risk losing customers who abandon purchases due to payment friction.

Before selecting a payment gateway, you need to understand how they work, what features matter most, and which options fit your specific business model.

How do payment gateways work?

A payment service acts as the central cog in the payment processing system, whether it's an online payment or an in-store purchase.

Within a transaction, it is the front-end mechanism that collects, transfers, and authorises customer information in real-time to a merchant's acquiring bank, where the transaction itself is then processed.

Main types of payment gateways

There are generally three types of payment gateways:

On-site payments.

Large-scale businesses tend to use on-site payments handled on their own servers, where the checkout and payment experience all work through your system.

Now that the advantages are flipped, you'll have more control and responsibility.

If you handle payments on-site, every variable counts, and any improvement to the shopping experience can create dramatic changes in your bottom line — especially true for any retailer with a high sales volume.

Redirects.

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Redirects often include options for alternative payment methods, such as a company allowing the use of PayPal.

When the gateway takes a customer to a PayPal payment page to handle the complete transaction, it becomes a redirect.

A small business can use a redirect gateway to incorporate the convenience and security of a larger platform. Redirects have the advantage of simplicity for the retailer, though they also mean less control for the merchant and represent a second step for customers.

Cheque out on site, payment off-site.

Through this method, [the front-end checkout](#) will occur on your site, but the payment processing happens through the gateway's back end.

Like redirected payment gateways, this method can simplify the payment processes while ensuring increased security on the back-end.

However, the downside is that you won't be able to control the entire customer experience through the payment gateways. If you decide to go this route, ensure that you are confident in the payment gateway's security.

Payment gateways' limitations

All payment gateways are not created equal.

When choosing a payment gateway, you'll have to understand and accept some limitations — many of which are inherent to the technology's infrastructure.

Consider the following:

Gateways rarely accept all types of cards/payments.

Although many payment gateway providers like to advertise the universality of their gateways, they typically won't highlight when they can't accept payments from specific card issuers and processing portals.

Before selecting a payment gateway, ensure you understand what your customers need to use, where the limitations lie and what's excluded.

International shoppers may not have a payment option.

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Merchants looking to capture a broad international audience need to ensure their payment gateway can work with different online stores and payment platforms. For example, in China, [Alipay](#) is much more popular than payment options familiar to US shoppers.

International shoppers may also run into higher prices. Although many payment gateway providers charge fixed transaction fees for domestic and [global commerce](#), some charge more for [cross-border transactions](#).

[Consider tools like Glocal](#) that can plug into your ecommerce platform and provide a fully localised international checkout process, in any language and any currency, giving your international buyers a fully end-to-end local shopping experience.

Security flaws.

In an increasingly digital world, security must be of the utmost concern.

According to a recent report, around [two-thirds of consumers](#) would stop shopping with a retailer previously hit by a security breach.

Although a high-quality payment gateway should be secure, there are some security vulnerabilities you'll have to keep in mind:

- **Data breaches:** TLS encryption helps most payment gateways handle confidential processing data like card information, but once the data is on a server, that server remains a risk.
- **Mobile payment issues:** You might control much of the security at the transaction, but you still don't control who has access to your customer's mobile device.
- **Malware:** Malware that reads passwords and infiltrates user accounts can send authentic-looking transactions through secure payment gateways, even while the transaction itself is a fraud.

Choosing a secure payment gateway

Consumers are increasingly aware of online fraud, .

This oversight presents a significant opportunity for ecommerce businesses to build trust and enhance customer relationships by prioritising and visibly communicating their security measures.

When selecting a payment gateway, security should be your paramount concern.

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To ensure you're making an informed decision, ask yourself the following key questions:

What payment methods do your customers prefer?

Understanding your customers' preferred payment methods is fundamental.

By offering payment types they are already comfortable using, you can minimise friction, reduce potential security risks, and streamline the checkout process.

Will the payment gateway integrate with your existing technology?

Seamless integration is crucial. Before committing to a payment gateway, evaluate how well its [APIs](#) will interact with your current technology platforms.

A gateway that doesn't integrate easily can complicate your operations and slow down payment processing.

Look for customisable options that offer straightforward integration with your chosen platform for a smoother experience for both you and your customers.

What are the associated fees, and how do they relate to security costs?

While lower transaction fees might seem appealing, it's essential to consider the overall cost.

If a payment gateway's low fees are offset by the need for additional security measures and fraud detection, it may not be a worthwhile investment.

Evaluate the gateway's fees in relation to your overall security expenditures to determine actual value.

How much does a payment gateway cost?

The cost of a payment gateway can vary significantly, depending on the provider, the services included, and your business's transaction volume.

Payment gateway costs break down into several components:

- **Setup fees:** Some providers may charge a one-time fee to set up your account. These can range from free to several hundred dollars.
- **Monthly fees:** Many gateways have a recurring monthly fee, which can be a flat rate or tied to a certain number of transactions. These typically range from \$10 to \$50 per month.

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- **Transaction fees:** This is often the largest component of payment gateway costs. It's usually a percentage of each transaction plus a small flat fee. For example, you might see rates like 2.9% + \$0.30 per transaction. These rates can vary based on the card type (e.g., debit vs. credit), transaction volume, and whether the card is present or not.
- **PCI compliance fees:** While some providers include this, others might charge an annual fee for maintaining PCI compliance.
- **Chargeback fees:** If a customer disputes a transaction, you may incur a chargeback fee, which can range from \$15 to \$50 per incident, regardless of the outcome.
- **Additional service fees:** Be aware of potential extra costs for features like advanced fraud protection, international transactions, currency conversion, or customer support tiers.

When comparing payment gateways, it's crucial to look beyond just the percentage rate.

Calculate the total estimated cost based on your projected sales volume, average transaction size, and specific business needs to get a clear picture of the actual expense.

How secure is the payment service's encryption?

Robust encryption is non-negotiable.

Always choose a payment gateway that is [PCI-compliant](#). The Payment Card Industry Data Security Standard (PCI DSS) is a set of global standards designed to protect sensitive customer data and payment information.

Ensuring PCI compliance is a critical step in safeguarding your customers' financial details.

What is the payment gateway's reputation?

Customer trust is paramount.

[Consumers' privacy concerns are very real](#). Opt for payment gateways with established, positive reputations. Major providers like Amazon Pay, PayPal, and Apple Pay offer strong brand recognition, which can significantly boost customer confidence and reduce cart abandonment.

Avoid gateways with questionable security histories to maintain customer trust and encourage conversions.

How flexible is the merchant account?

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Given the diverse range of shoppers and the multitude of payment options available, [flexibility is a crucial attribute](#) for any payment gateway.

Consumers value the ability to choose from various payment methods, from traditional credit cards like MasterCard and Visa to digital wallets like Google Wallet and Apple Pay found on mobile devices.

A flexible merchant account that accommodates these preferences is invaluable for a positive customer experience.

Why you should stack payment gateways

You can reduce or even eliminate some of the weaknesses in payment gateways by stacking them.

The process works by employing multiple gateways on your ecommerce platform to increase the options your customers have for purchase. This practice has numerous benefits, including:

Make it easier for your customer.

Let customers choose what they want when they want it.

Using payment gateways that allow Visa and MasterCard can cover many of your bases, but what about customers with alternative cards like American Express or who want to split payments using separate accounts?

Allowing for more options for credit card payments will translate to more convenience for the customer and less friction at checkout.

Give everyone a second option.

It's easier to get by without a credit card than you might think.

Although [more than 80% of American adults have a credit card](#), there are still plenty of people who don't use them. Customers can use alternative payment options, such as via ACH, with Zelle, Venmo or Apple Pay, to make online purchases.

As an ecommerce retailer, your job is to accommodate these options so customers can make secure purchases any way they like.

10 payment gateway options

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The following are the most frequently used payment gateway service providers:

PayPal.

PayPal offers free hosted checkout ([Payflow](#)) and customisable gateway options (for a monthly fee). Both provide fraud protection security without an additional charge, providing extra assurance that your payment gateway is safe and capable of handling threats as they arise. PayPal's high name recognition engenders trust, and business use versatility are some of its key benefits.

Square.

[Square](#) is a credit card processing and payment gateway, primarily for in-person transactions, and charges [a premium for manual transactions](#). It's ideal for small businesses needing straightforward in-person payment solutions, significant growth, and market presence.

Stripe.

[Stripe](#) focuses on [mobile ecommerce](#), SaaS, non-profits, and platform-based payments. It is highly adaptable for modern online businesses, trusted by major platforms like Lyft, which uses Stripe to power its mobile fleet of over 700,000 drivers.

Apple Pay.

[Apple's payment gateway solution](#) is a mobile payment solution utilising Face ID and Touch ID, and electronic wallet management. Much of its focus is on consumers who want to maintain an electronic wallet to manage their payments. It taps into a vast user base of iPhone users ([nearly 1 billion](#)) and offers a seamless and [secure mobile checkout](#) experience with Apple Pay.

Amazon Pay.

Reaching , Prime member estimates range from 180 million to 197 million. Many [companies benefit](#) from Amazon's universal brand recognition and customer base. Amazon Pay is also customisable with several plugins available (e.g., [for BigCommerce](#)).

Authorize.net.

One of the oldest payment gateways, [Authorize.net](#), is available in over 33 countries, serves 400,000+ customers, and accepts PayPal, Apple Pay, and most major credit cards. Established and reliable, its wide compatibility with various processors and platforms, and broad acceptance of payment methods make the transaction process solid.

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Adyen.

[Adyen](#) is built for both point-of-sale and online purchases, accepts major credit cards and providers like Apple Pay, and handles large transaction volumes. Its unified platform offering diverse payment needs makes it scalable for large enterprises. Its partnerships with Uber, LinkedIn, and Microsoft allow it to handle large volumes of transactions. to add its [Buy Now, Pay Later \(BNPL\)](#) products to physical payment terminals. While BNPL is mainly associated with online shopping, companies like Klarna are looking to expand to in-store sales, which will include more than 450,000 Adyen payment terminals in brick-and-mortar stores.

Braintree (A PayPal Service).

[Braintree](#) offers a full-stack payment platform for online and mobile payments, supports credit/debit cards, PayPal, Venmo, Apple Pay, Google Pay, and local payment methods. It also offers advanced fraud tools and recurring billing. Its end-to-end checkout experience represents another option for growing businesses, simplifying complex payment processing and boasting a global reach. As a subsidiary service, it benefits from PayPal's security and infrastructure.

Worldpay.

[Worldpay](#) processes trillions of payments a year and offers 60+ payment methods. This global payment processing service supports in-store, online, and mobile payments. Its robust security features, detailed insights into payment data, and adaptability for multi-channel sales environments make this an option to consider if you need global coverage. It also integrates with various ecommerce platforms, such as .

2Checkout (Verifone).

[2Checkout](#) is a global payment platform that processes payment data in 100 currencies across 200+ countries and territories. It manages subscriptions, prevents fraud, and offers localised payment options in 30 languages that cater to regional preferences, robust analytics for tracking performance, and comprehensive tools for both one-time ecommerce transactions and recurring subscription billing. It's ideal for businesses with international customers seeking streamlined global sales operations.

The final word

Your payment gateway influences every transaction and customer experience your business delivers.

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Prioritise security. Look for PCI compliance, strong encryption, and fraud protection to safeguard customer data and build trust.

Think beyond fees. Factor in setup, monthly, and chargeback costs to understand the true impact on your margins.

Be flexible. Offering multiple payment methods and stacking gateways reduces friction and increases conversions.

Ensure integration. Choose gateways that work seamlessly with your existing tech stack to avoid operational headaches.

Trust matters. Well-known providers like PayPal and Stripe inspire confidence and support faster checkouts.

Match the gateway to your business model. Whether you are subscription based, international, or omnichannel, your needs should drive your decision.

Test before committing. Use free trials or demos to ensure the gateway works as expected before rolling it out.

The right gateway does more than process payments. It drives growth. Choose wisely.

FAQs for payment gateways

What is the best payment gateway?

Choosing the best payment gateway option available is dependant entirely on your business, what platforms you decide to sell from and how many channels you choose to sell in. If you have an online business, that answer may be PayPal. If you primarily work within brick-and-mortar physical locations, then Square may be the choice for you. If you are a startup business, then Braintree could be your best bet.

Can payment gateways handle international payments?

Yes, many payment gateways are capable of handling international payments, allowing businesses to accept transactions from customers worldwide. These gateways support multiple currencies and automate currency conversions. They also ensure compliance with global regulations and security standards. However, it's essential to cheque with your specific payment gateway provider about their international payment capabilities, supported countries, and any additional fees that may apply for cross-border transactions.

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How do payment gateways impact transaction fees?

Fees vary depending on the platform you use. Different ecommerce platforms often integrate with various payment gateways, each with its own fee structure. Some gateways charge a flat rate per transaction, while others take a percentage of the sale. Popular gateways like PayPal, Stripe, and Square have different fees, which can also vary based on your country and transaction volume. When choosing an ecommerce platform and payment gateway, consider the costs carefully to ensure they align with your business needs and budget.

What payment gateways work with BigCommerce?

Here are just a handful of the 48 pre-integrated payment processors and gateways available:
PayPal Square Stripe Apple Pay Amazon Pay Authorize.net Adyen Sezzle 2Checkout
Checkout.com WorldPay Core

What is the difference between payment gateways and payment processors?

A payment processor, sometimes referred to as a merchant services provider, analyses and transmits transaction data to an issuing bank, such as the debit card or credit card information that links to a bank account. A payment gateway does the work listed above, but also authorises the transfer of funds between buyer and seller. Payment gateways can be considered the overall system at the point of purchase — a metaphorical cash register. The processor is the step in the process that swipes the card and transmits the information to the issuing bank. Like a payment gateway, a processor can include both a digital and hardware component, or it can process payments solely through software.

What are the most common security features of payment gateways?

Payment gateways typically employ several security features to protect sensitive financial information. These include encryption to secure data transmission, tokenization to replace card numbers with unique tokens, and PCI DSS compliance to meet industry security standards. Fraud detection using AI and machine learning helps identify suspicious transactions. Multi-factor authentication adds an extra layer of security during login. Reputable providers conduct regular security audits and penetration testing to identify and address vulnerabilities. These measures collectively help safeguard customer data and prevent unauthorised access or breaches, ensuring a secure payment processing environment for both businesses and customers.

What impact do chargeback protection and fraud monitoring services have on gateway selection?

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Chargeback protection and fraud monitoring directly affect your bottom line and business reputation. Look for services that use AI to catch suspicious transactions before they become problems. Strong fraud detection stops bad actors while letting legitimate customers complete purchases smoothly. Effective chargeback management helps you handle disputes quickly and reduces costly penalties from credit card companies. Without these protections, fraudulent transactions can drain profits and damage relationships with payment processors.

How can merchants ensure PCI DSS compliance when using on-site payment gateways?

When using on-site payment gateways, merchants must actively ensure PCI DSS compliance by controlling the cardholder data environment. This assurance involves implementing strong access controls, regularly updating security software, encrypting sensitive data, and maintaining secure network configurations (e.g., firewalls). Regular vulnerability scanning and penetration testing are also essential. Staff training on PCI DSS requirements is critical to prevent human error. Choosing a PCI-compliant payment gateway provider is the first step, but the merchant remains responsible for their own environment's compliance.

What are the best practises for handling failed or declined transactions gracefully?

When payment fails, customers need clear guidance to stay engaged. Show specific reasons like "Your bank declined this card" or "Account lacks sufficient funds." Skip technical terms that confuse people. Give helpful next steps: try another payment method, verify card details, or call your bank. Return users to their cart with items intact so they can easily retry. Clear communication reduces frustration and helps complete sales.

How do recurring billing and subscription models work across different gateway types?

Recurring payments and subscription models rely on payment gateways to securely store customer payment information (tokenization) and process scheduled transactions automatically. Across gateway types (e.g., direct, hosted), the core mechanism involves the gateway initiating transactions at pre-defined intervals using the stored token. Direct gateways offer more control for custom subscription logic, while hosted solutions often provide built-in recurring billing features. The key is the secure retention and automated resubmission of payment details without requiring the customer's presence for each transaction.