

Finding the Best Payment Gateway for Your Business



In 2022, it is estimated that [more than 80% of U.S. purchases](#) will be accomplished using a method other than cash. Additionally, from 2020 through 2025, online payment transaction values are likely to [grow more than 15%](#).

In an increasingly cashless world, where payment services are primarily performed digitally or through credit cards, a payment gateway can simplify and expedite [payments](#) to help both [consumers and businesses](#).

Payment gateways are a merchant service that processes credit card payments for both [ecommerce sites](#) and traditional brick-and-mortar stores. They can be thought of as the metaphorical cash register in an electronic transaction.

However, like any cash register, it needs to be secure and convenient. Before selecting a payment gateway, it is critical to understand how they work, what to look for and what options are available.

How Do Payment Gateways Work?

A payment gateway acts as the central cog in the payment processing system, whether you are making a purchase online or in-store.

Within a transaction, it is the front-end mechanism that collects, transfers and authorizes customer information in real-time to a merchant's 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 experience and payment processing all work through your system.

Now 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.

Checkout 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 user's entire experience through the payment gateways. If you decide to go this route, ensure that you are confident in the security of the payment gateway.

Redirects.

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.

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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 a second step for customers.

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 payment gateway infrastructure.

In more detail, 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.

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 that might be familiar to customers in the US.

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

Consider tools like [Webinterpret](#) that can plug into your ecommerce platform and provide a fully localized international checkout process enabling you to accept payment in 25 currencies.

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:

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- **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 apparently-authentic transactions through secure payment gateways, even while the transaction itself is a fraud.

Choosing a Secure Payment Gateway

When selecting a payment gateway, there are many options to consider — none so much as security.

According to [an Experian report](#), 55% of consumers say security is the most important aspect of their online experience, and 49% want businesses to have more visible security measures in place online.

To ensure that you're working with a secure payment gateway, ask the following questions:

What payments do your customers use?

It's one of the fundamental questions you need to ask — what are your customers already using to handle their payments?

If you stack your payment gateways and facilitate a payment type they can use, you'll run into fewer problems and potential security risks.

Will the payment gateway integrate with your existing technology?

Before selecting a payment gateway, it is essential to consider how well its APIs will integrate and work with any current technology platforms you use. Choosing a gateway that stands apart from your solutions will only complicate your processes and slow payments.

There are many gateways available that are customizable and can easily be integrated with your platform of choice. Selecting one of them will make life easier for you and your customers.

What is the fee from the payment gateway?

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The costs of [ecommerce fraud](#) can add to your bottom line. If a payment gateway's lower costs are outweighed by the money you spend on additional security concerns and fraud detection, it might not be worth that investment.

Consider the fee of your payment gateway and how it relates to your security costs.

How secure is their encryption?

To ensure secure encryption, you will want to work with [PCI-compliant companies](#). The Payment Card Industry Data Security Standard (PCI DSS) is a system of standards crafted to uphold security provisions for the electronic world.

Before pulling the trigger on a gateway, double-check that they maintain PCI compliance. These are standards put in place to protect customer data and payment information.

What is their reputation?

With nearly half of customers wanting to see visible security marks at the point of checkout, you will have to use a payment gateway they trust.

Avoid payment gateways with less than stellar security histories to prevent customers from abandoning their shopping carts or going to other, more visibly secure sites.

Focus on large payment gateway providers with established reputations, such as Amazon Pay, PayPal, and Apple Pay. This brand recognition works in your favor by highlighting your security and encouraging a customer to continue shopping.

How flexible is the merchant account?

With the varying types of shoppers and the multitude of payment options available, [flexibility is a key attribute](#) to search for in a payment gateway.

From credit cards such as MasterCard and Visa to mobile options like Android and Apple Pay, having the ability to switch between them to make quick item purchases is invaluable to the modern consumer.

Why You Should Stack Payment Gateways

You can reduce or even eliminate some of these weaknesses through stacking payment gateways.

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

Making 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 make specific payments from separate accounts?

Allowing for more options for credit card transactions 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](#), this doesn't preclude broad markets of customers without them. Customers can use alternative payment options such as PayPal, 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.

Payment Gateways Examples

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

PayPal.

PayPal is popular as a redirect payment gateway because of its high reputation with customers and the availability of multiple gateway options.

PayPal's [Payflow](#) gateway includes either a free checkout payment gateway hosted by PayPal or a service that provides additional checkout customization features along with a monthly fee.

With both services, PayPal adds fraud protection security without an additional charge — providing extra assurance that your payment gateway is safe and capable of handling threats as they arise.

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Square.

Square is a credit card processor and payment gateway provider. The company has grown significantly, posting [\\$46 billion of gross payment volume](#) in Q4 of 2021.

Square's solutions tend to be for small businesses that need a method of credit card processing for in-person transactions, though they [do charge a premium for manual transactions](#).

Stripe.

Stripe is a popular payment gateway provider focused on mobile ecommerce, SaaS, non-profits and platform-based payments.

Stripe is also capable of handling companies with a large volume of transactions. For example, the ride-share company Lyft uses Stripe to power its mobile fleet of over 700,000 drivers.

Apple Pay.

Apple's [payment gateway solution](#) is aimed at a mobile payment structure, enabling merchants to handle payments using Face ID and Touch ID. Much of its focus is on consumers who want to maintain an electronic wallet to manage their payments.

As with PayPal, many other payment gateways allow retailers to accept [Apple Pay](#) payments. With these services, retailers can accept payments from nearly [1 billion iPhone users worldwide](#), with [more than half](#) utilizing Apple Pay.

Amazon Pay.

Many companies have struck big by [using Amazon payments](#), with their [200 million Amazon Prime members worldwide](#) making it a desirable payment gateway option.

Amazon Pay is also reasonably customizable, with several plugins available—including some for [use with BigCommerce](#).

Authorize.net

One of the oldest payment gateways, [Authorize.net](#) is available in more than 33 countries and serves more than 400,000 customers.

Authorize.net makes it possible to accept payments through a wide variety of processors and platforms, giving retailers the ability to accept PayPal payments, Apple Pay and most major credit cards.

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Adyen.

Adyen is built for both point-of-sale and online purchases, accepting a broad range of payments from major credit cards and providers like Apple Pay.

Adyen has proven its ability to handle large volumes of transactions with partnerships with brands such as Uber, LinkedIn and Microsoft.

The Final Word

By having a better knowledge of price, function, and gateway security, your business will be positioned to choose the right option for your business needs and add a new level of security that customers need when making a purchase online.

When finally selecting that option, why settle for anything less than the best?

With [BigCommerce](#), you can choose from more than 65 pre-integrated online payment solutions, serving 230 countries and over 140 currencies. The features and benefits offered by our industry-leading solutions will make your payment decisions a strategic advantage for your business.

FAQs for Payment Gateways

What is the best payment gateway?

Choosing the best payment gateway option available is dependent 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 automatically handle currency conversions. They also ensure compliance with international regulations and security standards. However, it's essential to check with your specific payment gateway provider about their international payment capabilities, supported countries, and any additional fees that may apply for cross-border transactions.

How do payment gateways impact transaction fees?

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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 fees carefully to ensure they align with your business needs and budget.

What payment gateways work with BigCommerce?

BigCommerce works with more than 65 pre-integrated online payment solutions, serving 230 countries and over 140 currencies. The payment gateways available include: PayPal. Square. Stripe. Apple Pay. Amazon Pay. Authorize.net. Adyen. Sezzle. 2Checkout. Checkout.com. WorldPay Core. And many more. By partnering with BigCommerce, businesses gain the choice of working with any one of them.

What is the difference between payment gateways and payment processors?

A payment processor analyzes 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 authorizes 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 runs the information by 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. Regular security audits and penetration testing are conducted to identify and address vulnerabilities. These measures collectively help safeguard customer data and prevent unauthorized access or breaches, ensuring a secure payment processing environment for both businesses and customers.

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