What is a merchant account?

In order to accept credit (and debit) cards for payment, organizations need to have a Merchant Account. Your organization's merchant account is an asset account, like a bank account - it's your organization's holding tank for your payments that you receive online.

In most cases, an organization wishing to accept online credit card payments must obtain their own merchant account, which involves undergoing a stringent underwriting and approval process with a bank. Factors that will impact the ability to get a merchant account, as well as the fees that will have to be paid per transaction, include things like personal credit history, business history, and if the business type has a high risk of credit card fraud (which nonprofits do). The fees are also typically not straight-forward and include things like application fees, setup fees, monthly fees, and more in addition to per-transaction fees. Because a separate merchant account is required for each type of card that an organization is required to process (Visa, MasterCard, AMEX, Discover, etc.), the process of obtaining a dedicated merchant account for your organization can be cumbersome, confusing, and expensive. These accounts often also come with term contracts that you are locked into. (Learn more here).

What are the benefits of having my merchant account built into Flipcause?

With most nonprofit software, you need to obtain your own merchant account to plug into the software of payments processing. This means that you are signing up for multiple services and probably paying multiple fees per transaction for the use of these combined services.

With Flipcause, all of that is eliminated. The payment processing, payment gateway, and merchant account are all integrated and included in your Flipcause subscription at no additional charge and without hidden fees. Because we have all of those pieces built-in, you get the following benefits:
Help Center

- Avoiding applying for and setting up merchant accounts

- Manage your supporter data and merchant account holdings in one place
- Simpler accounting & reporting
- Lowest processing fees in the industry with our Guaranteed Effective Rate of 1.5%
- No term contracts
- Bank-level security and state-of-the-art fraud protection, plus optional additional custom control over accepting payments
- Issue refunds directly from your database
- Tokenized & encrypted supporter credit cards stored on file for future use
- Automated recurring payment processing

How it works

Your Merchant Account, like any other asset account, will be comprised of debit and credit transactions.

Incoming revenue (from supporters) will be the main credit transactions. Other incoming funds that you might see are account credits from Flipcause, such as Guaranteed Effective Rate credits.
The most common debits you will see will be processing fees and transfers you make out of your Flipcause account to your bank account. Other debits you’ll see are refunded and disputed transactions, dispute fees, and any Flipcause invoices (unless directly paid with your credit card).

You should recognize the balance in your Flipcause Merchant Account as an asset in your accounting. To wait until you make a transfer to record these funds into your checking or savings account is not technically correct (since Flipcause is already your merchant account, the way you account for it is slightly different than what you might be used to).