

Merchant Transaction Flow

1. Authorization

Authorization is what happens between the time the customer clicks “submit” and when they receive a “transaction successful” notification. In order for the merchant to process the transaction, he or she must verify that the credit card is real and that the cardholder has the credit available to make the purchase

This is done by passing a query from the merchant to Paysafe. Paysafe then passes the query to the acquirer / back-end processor, who passes it along the card scheme. The card scheme then passes it along to the cardholder’s bank, who checks the credit limit.

To protect against fraud, Paysafe may perform additional risk checks, including CVV and address verification.

2. Response and Capture

The issuing bank sends a response back through the different parties. This response indicates to the merchant whether to approve or decline the transaction.

The funds are then “captured”, meaning that the cardholder’s credit limit for the amount of the transaction is frozen for several days. This gives the merchant time to batch out before the cardholder can use the funds. Cardholders may see the transaction as “authorised” in their online banking statement.

4. Funding

Once the issuing bank receives the batch, it bills the cardholder. The cardholder will see the transaction now in “settled” or “posted” transactions.

The funds move from the issuing bank to the card schemes, and then to the acquirer. Paysafe then directs the acquirer to release the funds depending on accordance with the merchant’s payment schedule.

Merchants should expect funds to show up in their own bank account 1-4 days after they see “EFT sent, ACH sent, or WIRE sent” in their back-office or platform reporting.

3. Batching / Settlement

Batching or Settlement is simply the merchant sending a report of that day’s transactions in order to get paid. In card-present (in-store) transactions, it is the same as closing off the terminal at the end of the day. Paysafe merchants batch out automatically once a day.

Paysafe then sorts of all that day’s batches and sends them on to the acquirers. From there, they go to the card association, and then to the issuing banks.

