

EXTENDING CREDIT TO THE GOVERNMENT

Opening a specialized account can bring dividends.



By Steve Schwimmer

Everyone uses credit cards for everyday purchases. Businesses accept them for goods and now there is a growing trend to use them for processing payment of services as well. It's a program dealers may want to embark on when dealing with homeland security contracts with the government. The credit card industry has discovered an interesting niche market that helps to expedite the payment processing of transactions when dealing with the government. It is changing the way businesses do business with the government, and it's a good thing for security providers. Historically, many of the road blocks that prevented security dealer integrator companies from even entering into a business relationship with the government involved having to wait for payment. Now the layers of red tape have disappeared. This exciting new trend will allow you to tap into new opportunities without the hassles that you often anticipate encountering when working with the government.

Credit card companies like VISA, MASTERCARD and AMERICAN EXPRESS have expanded their service umbrella by reaching out to government agencies. They are now going directly to the agencies and offering training classes on using credit cards for purchases. They have effectively demonstrated to the government how their service can be of value for use in credit card processing and check conversion services.

The value to the government is the ability to track purchases with better accounting services provided by the card companies. Many government agencies have very large budgets and needs with purchasing power for goods and services exceeding a million dollars. It is no wonder credit card companies are eager to get in on this opportunity. You should be eager too.

PAYMENT AND PROGRAM OPTIONS

Special issue credit cards are set up differently



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than consumer cards. It is a smart move to engage a payment processing specialist who has the knowledge of the various programs being utilized at all levels of government. Special rate structures have been set up and come directly from the card companies themselves. For example, there are programs which are available with preferential rates for large ticket items and services exceeding \$5,000.

There is a criterion which needs to be met. Some of the fees for using this program may initially cost \$1,000 to join but if the amount of business you are doing with the government is large, waiting for your money will cost you more. Not all programs cost this amount and as you increase your business transactions with the government different programs may be of better use to you.

If you are just getting started and are not doing big ticket sales, there are still excellent rates for purchasing cards and business cards. Since the government is on the same level playing field as any other customer, purchasing cards are designed to offer restrictions and are issued for use with various SIC codes. Your company may fall under one or several SIC specific codes for goods and services the government is looking to purchase from increasing market opportunities and growth.

There are a great many programs available from the credit card companies that allow merchants and service providers to offer convenient payment options. Consider the government the same as any other customer except with a world of new opportunities available. It is also important to note that not all government agencies accept credit. This situation is not unlike when credit cards first arrived on the scene as an alternative to cash. Some people carried credit cards and some did not but eventually everyone did. The same holds true right now with the government.

ONE PART OF AN OVERALL APPROACH

Now that the need for accepting credit is established the next step is making in-roads to meeting the decision makers and building relationships which will help your business grow. Doing so takes an investment of time.

Take a look at your website; make sure that when a search is performed it is found faster than others. There are companies that specialize in generating greater visibility for your products and services. It is all about getting recognized as a vendor for the government or any other target group. Very often there are trade shows specializing in soliciting business from the government and publications that carry advertisements from the government looking for vendors.

The first step is often the most difficult but it becomes easier from that point on. Work closely with a payment processor to learn the various percentage structures available that also make credit cards more attractive to a wide range of customers. Who you use can affect your rates. Shop around, do your research and watch a whole new segment of your market potential open up.

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