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(54) **SYSTEM AND METHOD FOR MERCHANT ACCOUNT ACQUISITION AND APPROVAL**

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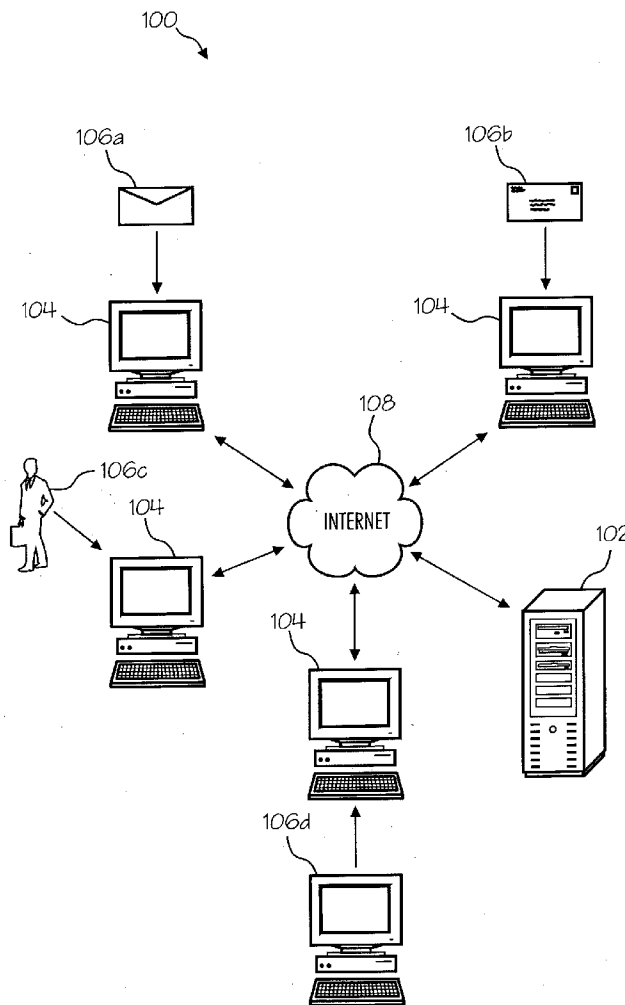
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(57) **ABSTRACT**

A merchant account acquisition and approval system and method generally includes an online application process for card acceptance. The merchant views, completes and receives a merchant account number and rate in real time. A PIN may be used to identify a particular type of merchant and grant access to a specific set of terms and conditions for card acceptance. The merchant may enter the PIN to view the terms and conditions online prior to acceptance of the card acceptance agreement. Merchants from a similar locale or business, such as a franchisee and government entity, can receive similar prices, terms and conditions.



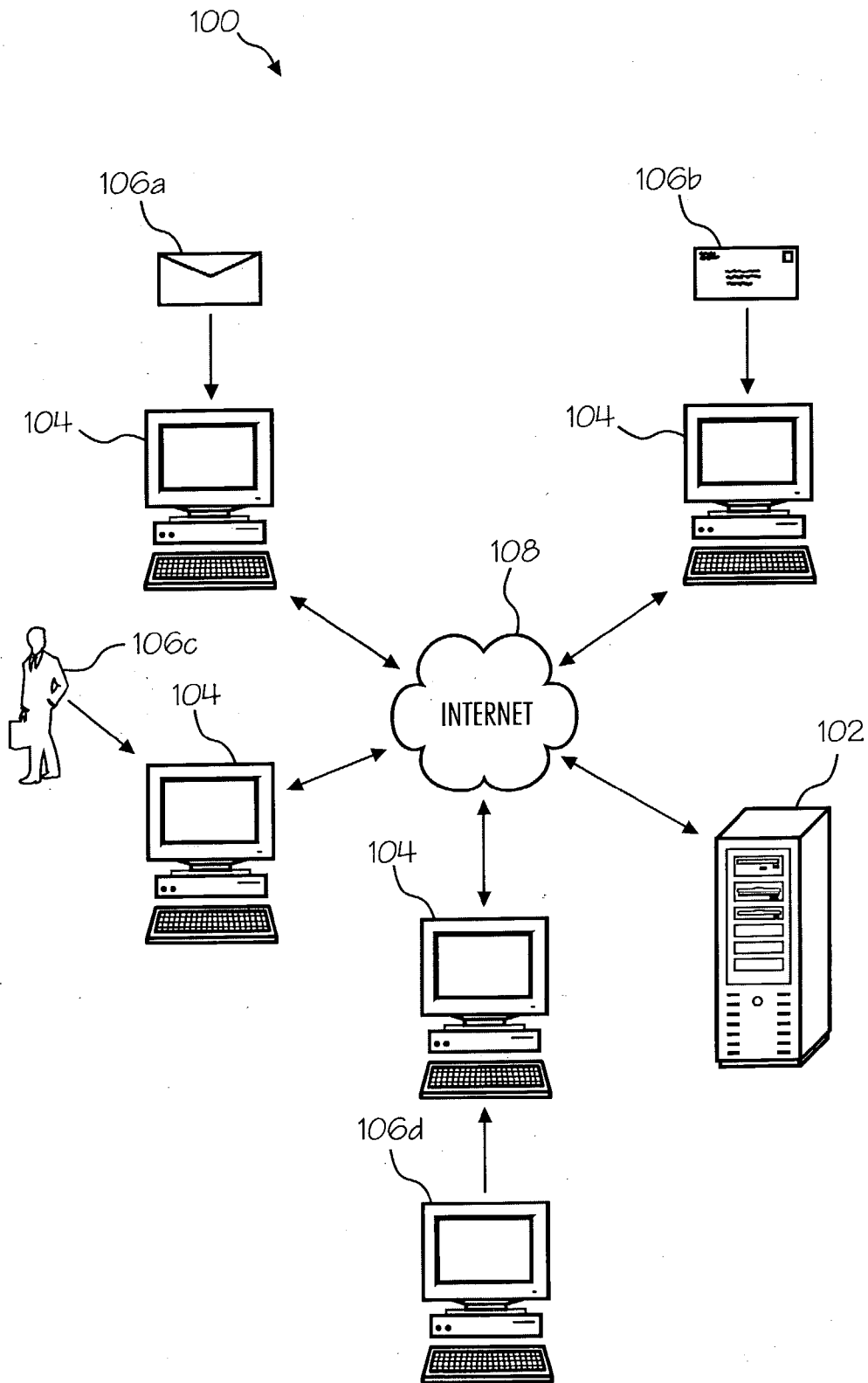


Fig. 1

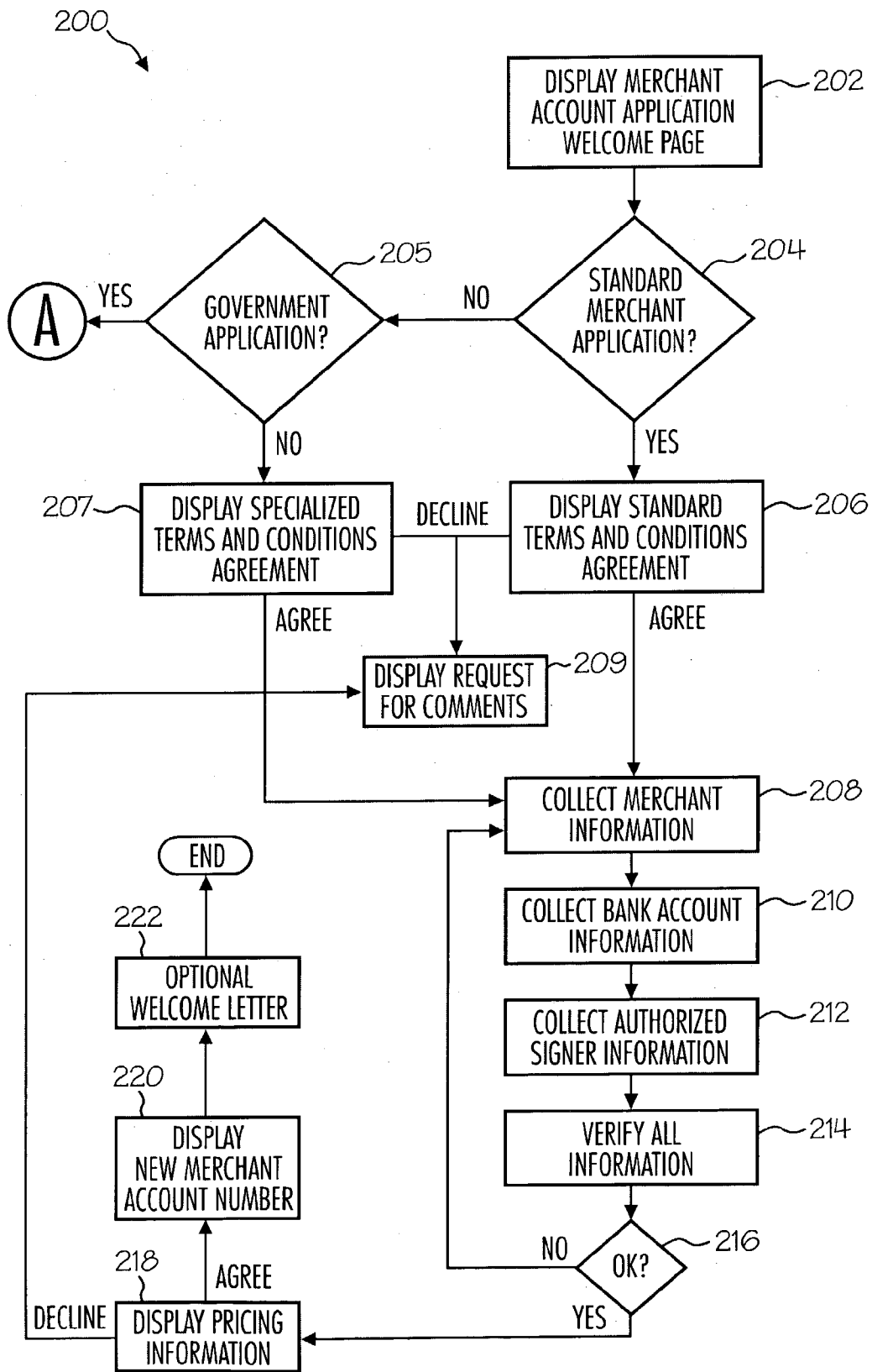


Fig. 2

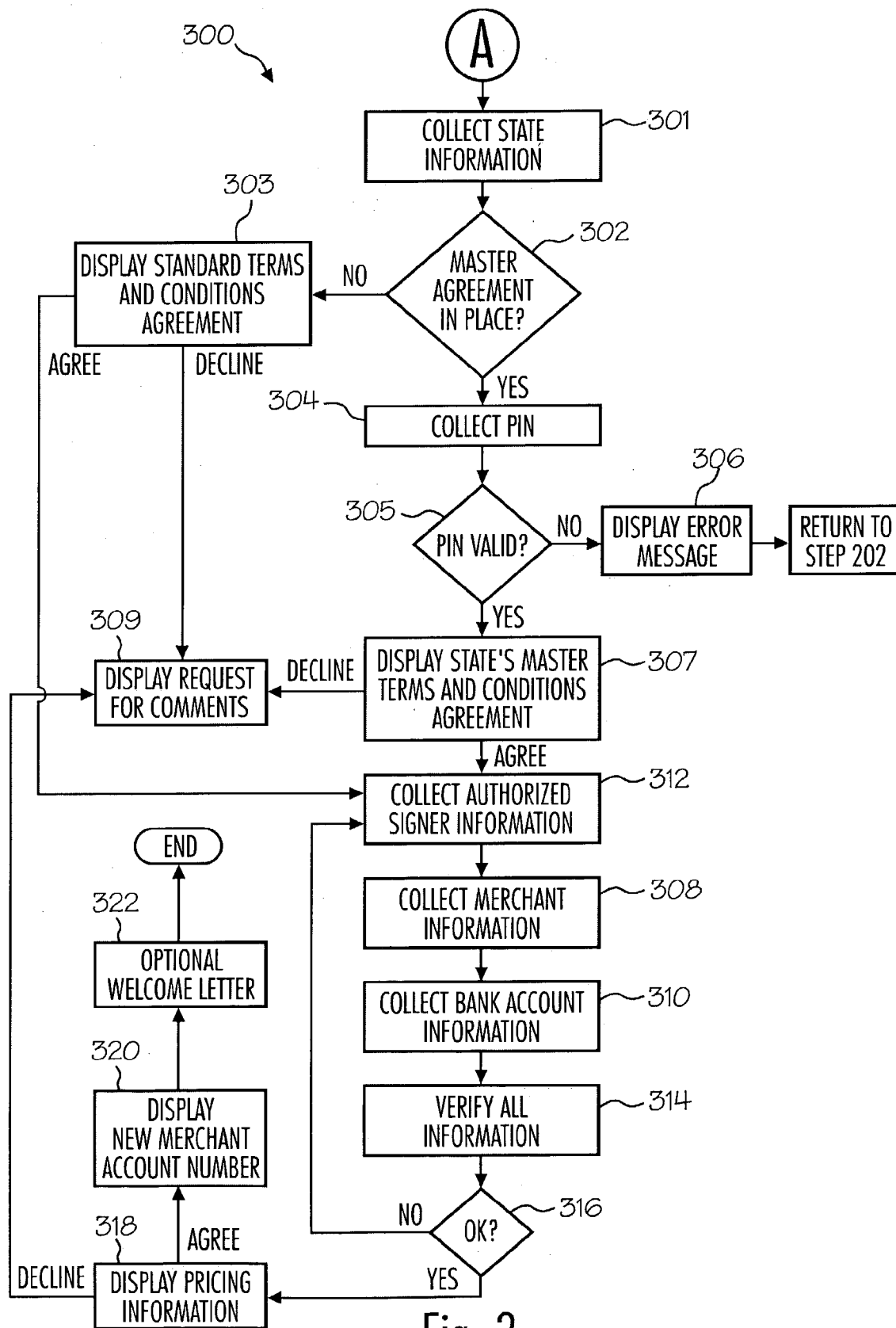


Fig. 3

SYSTEM AND METHOD FOR MERCHANT ACCOUNT ACQUISITION AND APPROVAL

CROSS REFERENCE TO RELATED APPLICATIONS

[0001] This application claims priority from U.S. Provisional Patent Application Serial No. 60/430,829 filed Dec. 4, 2002 entitled, "System and Method for Merchant Account Approval," which is hereby incorporated by reference.

FIELD OF INVENTION

[0002] The invention relates generally to a system and method for merchant account acquisition and approval and, more particularly to a real-time processing system and method for acquiring and approving merchants for acceptance of transaction cards at any merchant location.

BACKGROUND OF THE INVENTION

[0003] For many consumers, the most convenient form of payment for purchases of goods and services is with a transaction card ("card"), having a magnetic stripe, an embossed account number, printed unique card identification number (CID) and/or a smart chip. Cardholders may use a card, for example, to facilitate transactions at various entities ("merchants"), such as service establishments, customer activated terminals and kiosks, automated teller machines (ATM), point of sale (POS), and instances when the physical card is not required, such as purchases over the Internet.

[0004] Generally, in order to accept a card, merchants enter into an agreement with a card issuer to accept a brand of cards (e.g., AMERICAN EXPRESS®, VISA®, MasterCard®, DISCOVER CARD®) and agree to a rate of payment to the issuer often called the "discount rate" (e.g., a flat rate or a percentage of each sale). To use a card, the cardmember or cardholder enters into an agreement with a card issuer, establishes a card account with the issuer, and makes payments to that issuer for purchases or cash advances. The card issuer is typically a bank or other financial organization (e.g., American Express®, Bank of America®, Citibank®, MBNA America®, Chase Manhattan Bank®) operating under the regulations of a card issuing association or entity and its name generally appears on the card.

[0005] Due to the numerous advantages of card acceptance, "untraditional" merchants, such as dental and medical offices, and utility companies have started accepting cards for payments of billed services. For the cardmember, paying a bill with a card is a fast, easy way to fulfill payment obligations. Merchants are realizing benefits from card acceptance through immediate payment in full (rather than waiting until customers have the cash on hand) and eliminating the risk of bad checks and costly follow-up billing. Of course, card issuers also generally benefit from increased usage by charging cardmembers interest on outstanding balances and receiving payment from the discount rate pursuant to the merchant/issuer agreement.

[0006] Government entities are rapidly joining the list of "untraditional" merchants and starting to accept cards for payments. For example, many local, city, county, state and federal government offices are now accepting cards for

payments of duplicate driver licenses, identification cards, personalized/specialty license plates, vehicle registration renewals, payment of taxes, fees and many other government-provided or issued goods and services. However, due to the vast number of government entities, it is logistically challenging for card issuers to visit each one to set up card acceptance agreements. Accordingly, many of the smaller government entities are never approached by issuers, so the benefits of card acceptance to the consumer, merchant and issuer are never realized.

[0007] The conventional wisdom is for the issuer to employ additional salespeople to target these smaller government entities, but additional employees are a costly solution. Furthermore, even if the smaller government offices are directly solicited by the issuer, ensuring that each of the offices are set up equally and under similar terms and conditions as the remaining offices within the same locale (e.g., city, county or state) is time-consuming, cumbersome, and may unfairly disadvantage an office agreeing to terms (e.g., discount rate) not as favorable as the remaining offices.

[0008] Moreover, direct solicitation by the issuer often results in labor-intensive completion of paper or electronic forms that must be returned to an approving authority and reviewed prior to the merchant being able to start accepting cards.

[0009] Attempts have been made to solve some of the above problems by providing an application system for merchant card acceptance using the Internet. For instance, U.S. Pat. No. 6,135,349 issued to Zirkel allows the merchant to submit merchant information, such as the business name, address, type of sales, total sales, and banking information via a HyperText Markup Language (HTML) page on the Internet.

[0010] The merchant also enters the credit card brand(s) that it wishes to accept from customers as payment. In most cases, the card processing account is with a third-party provider and therefore the application must be sent to the third-party for approval. Zirkel and similar systems may help to eliminate some of the labor needed to establish a merchant account for card acceptance by utilizing an online process, however, the system still requires a separate approving authority prior to merchant account approval.

[0011] In addition, these systems fail to provide a substantially fool-proof way to set-up merchants within the same locale with similar terms and conditions.

[0012] Accordingly, a system and method for merchant account acquisition and approval that is cost and labor reducing, easily assessable, and can reach every merchant, regardless of their size or locale is needed. In addition, there is a need for a real-time processing system and method to acquire and approve merchants for acceptance and renewal of cards at any merchant location.

SUMMARY OF THE INVENTION

[0013] A merchant online application process which generally includes a merchant account acquisition and approval system and method for card acceptance which facilitates a merchant being able to view an application, complete an application and receive a merchant account number in real time. A PIN may be used to identify a particular type of merchant and grant access to a specific set of terms and

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