The Essential Guide to Automated Payment
Processing for Your Fitness Business

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At some point, as your fitness business grows, collecting checks or cash and payment solutions like PayPal and Square just don't cut it anymore. Manually processing payments is a time-consuming burden, and your clients are probably tired of handing over their credit card every time they visit. Implementing an integrated and automated billing model is a great solution as it can easily increase revenues, and it saves both you and your members' time. But getting started may seem daunting. Where do you begin?

No worries. We've compiled everything you need to know about automated payments in this eBook from industry leaders, Zen Planner and PaySimple. You'll get straightforward answers about how automated payment plans work, steps for getting started, different plan options to consider, and how it can benefit you and your clients.

Why Consider Automated Payment Processing?

Automating your payment processing is a great way to streamline business operations, collect more revenue, and eliminate the time-consuming hassles of managing manual payments. By using an automated payment solution that integrates with your fitness business software, you can:

- Accept all major credit cards and debit card plus ACH eChecks
- Streamline billing with electronic invoicing, automatic receipts, and payment reminders
- Collect payments automatically based on a recurring schedule
- Accept payments from anywhere
- Avoid missed payments by being notified when credit cards are expiring
- Securely manage customer information and payment accounts

To understand automated payment processing, you'll need to learn a bit about credit card billing, ACH billing and electronic checks (or eChecks). This eBook covers each of these topics in detail. Let's get started by discussing credit card billing.

Recurring Credit Card Billing: What You Need to Know

Recurring credit card billing has many distinct benefits for you and your clients that other forms of payment processing can't quite match. Here are some to keep in mind.

For clients:

- Freedom of choice to use any type of credit card they wish.
- Easy to include in budget planning, as payments are processed at the same time each month.
- Saves time because payments are processed automatically and require no extra effort on the client's part.

For your business:

- Improves your cash flow and business forecasting.
- Late payments are minimized and collections are improved.
- Streamlines payment processing – once recurring billing is setup, the payment process happens automatically.
- Same conveniences of bank transfers with the added benefits of credit card processing – instant approval and faster funding.

> According to a study by MasterCard, 46% of consumers said they would switch services to a competitor if their current service provider didn't offer recurring billing.

5 Steps to Getting Started with Recurring Credit Card Billing

It's a relatively straightforward process to setup recurring credit card billing. Here are five steps for getting started:

1. Find a recurring billing solution

Even if you already have a credit card merchant account, you still need an interface that manages your recurring credit card billing. For a low monthly cost, you can usually manage your customer database, run one-time transactions, invoice, and set up billing schedules from one interface. These software providers can also help you set up a merchant account, if you don't have one already.

2. Introduce the option to your customers

You likely won't need to explain the benefits of recurring credit card billing, but you will want to tell members that you now offer the popular payment option. Most will be glad to hear you're simplifying their bill payment process and happy to sign up.

3. Collect payment information

You may already have credit card information for your customers if you're processing one-time payments, but if you don't, you'll want to collect it for your recurring billing solution. Aside from the advantages of recurring billing, uploading your customers' data into the recurring billing solution also gives you the power to manage their contact information and other related data.

4. Receive authorization

Receiving proper authorization from your customers is as important as collecting the payment information itself. It also gives your customers' peace of mind that you've setup the correct billing frequency. Authorization for setting up recurring credit card billing can come in various forms such as email, fax, and voice. It's important to always keep this information on file.

5. Set timing, frequency and amount

Once you have the customer's payment information and authorization, you're ready to set up the recurring billing schedule. Depending on the solution you choose, you can:

- Schedule start date
- Setup billing frequency
- Specify first payment and subsequent payment amounts
- Schedule end date (Adding an end date is helpful if you're setting up a finite payment plan)

How Zen Planner Supports Recurring Credit Card Payments

Using Zen Planner, you can connect automatic payment to the customers' memberships. Whether on a monthly, quarterly or annual payment cycle, Zen Planner can initiate the payment request through your integrated payment solution. Through our integration with PaySimple, your request to process a payment is submitted on the requested date. From there, Zen Planner will notify you immediately whether the payment has been processed or denied. You can also automatically send your member a personalized email that notifies them of the payment's status.

Get Integrated Payment Processing

Add easy, seamless member payment processing to Zen Planner software with PaySimple. There are no long-term contracts and setup is fast, free, and easy.

Here's a current example of pricing*:

- 1.55% credit card swipe rates
- 2.19% credit card MOTO rates
- 55 cent eCheck payments

Fees subject to change; current as of 1/5/2015.

ACH Billing: What You Need to Know

8 Key Facts about ACH Billing

Here are eight important aspects to understand about ACH if you're considering it for your fitness business.

1. ACH billing is different than a debit card transaction.

Both ACH billing and debit card transactions come out of your customer's bank account, but the processing is completely different. With ACH, your customer gives you authorization to debit their bank account with a routing and account number, versus swiping or keying in a debit card number. The back-end administration of ACH transactions are administered by a different clearing partner than the credit card transaction processor. That means different chargeback policies and, unless you have a third party software provider who handles all your customer support, you'll be contacting a different party if any issues arise on the transaction.

2. To setup ACH billing, you need your customers' authorization.

Similar to any payment form, you must have authorization from customers to implement ACH billing. Authorization is usually acquired via a signed form, or it can also be obtained over the phone. When setting up ACH billing, you need to learn how to authorize your particular types of transactions—as with any customer transaction, it's important to protect yourself from disputes and potential fraud.

If your business has one-time, recurring, or unique billing schedules, ACH billing is typically flexible enough to suit your needs. Customers can authorize payments for variable amounts, recurring amounts, varying dates, or not to exceed certain amounts.

3. ACH billing tends to have lower transaction fees than other payment options.

ACH transactions typically have the lowest fees of any payment method – except for cash, of course. For a $500 transaction, you can expect the following fees across payment types:

- ACH Cost: $0.55
- Paper Check Cost: $1.22
- Credit Card: $9.60 (2.2% fee x $500 transaction + $0.25 transaction fee)*
Fees subject to change; current as of 1/5/2015.

That's just for ONE payment. As your business scales, the fees can really add up!

All of this, of course, depends on the rates that your credit card and ACH processors are charging. If you're using a gateway that charges extra per transaction, that cost should be factored in on both sides as well.

> Most banks prefer ACH transactions over paper checks. This means you can get paid faster via ACH versus paper checks.

4. You get preferred funding.

A credit card transaction (depending on the card) can take 2-3 days to process. ACH billing, on the other hand, takes about 3-5 days processing, but most banks favor ACH transactions over paper checks when making funds available. While each bank has its own policy on paper checks and electronic ACH transactions, a bank will generally process electronic payments first.

Let's say that your customer has $1,500 in the checking account. If you process an $800 ACH payment on the same day that someone else tries to cash an $800 paper check, you are the one that gets paid. The other person? They get a bounced check. When weighing the benefits of cost-savings and customer convenience, be sure to factor in the processing time in forecasting your cash flow.

5. ACH billing payments can still be returned for Non-Sufficient Funds (NSF).

Unless you're set up for check verification or check guarantee (both of which typically include a hefty per-transaction charge), your ACH payments can still return as a failed payment notification, or NSF, in the same way a paper check can. When processing the transaction on the spot, the system is only checking to see if that account actually exists at that routing number— not if there are funds available for the transaction amount. If you've had high-NSF rates in the past with paper checks, or know that your customers often have unreliable payment forms, consider limiting ACH billing to trusted customers.

6. ACH transaction fees will be debited separately from other transactions.

ACH transactions are processed through a different merchant account and a different provider - meaning that the fees debited for the transaction and/or gateway costs will be separate. Just a helpful tip to keep your accounting straight.

7. ACH transaction fees will be debited separately from other transactions.

According to NACHA, the electronic payments association that oversees the ACH network rules, there are only three reasons people can dispute ACH charges to their account:

1. If it was never authorized by the account holder.
2. If it was processed on a date earlier than authorized.
3. If it is for an amount different than authorized.

On the other hand, credit cards can be disputed for a wide variety of reasons. With ACH payments, you receive immediate failure notification, which makes it clearer if and when you will be paid. An ACH transaction also generally means quicker access to funds. Since credit cards do have a higher rate of non-payment, banks will sometimes hold the funds for days or weeks.

> With ACH, there are only three valid reasons a customer can use to dispute a charge. With credit cards, charges can be disputed for a wide variety of reasons.

8. ACH is more secure than other forms of electronic payment.

You may have customers who feel uncomfortable providing a bank account number. However, with an ACH payment, their payment information is entered into a secure system and encrypted. The information on paper checks is easier for criminals to steal, because checks are processed through multiple hands and run the risk of being left in unsecured areas. None of that happens with ACH electronic transfers.

Learn more about ACH from NACHA, the national electronic payments association

eChecks: What You Need to Know

7 Key Facts about eChecks

In order to understand how electronic checks (eChecks) are processed and their benefits, you'll want to be familiar with these seven key aspects.

1. How are eChecks processed?

eCheck processing is somewhat similar to paper check processing, only faster. Instead of a customer manually filling out a paper check and sending it to you, today's technology allows the process to be done electronically, saving both time as well as paper waste.

There are four steps to processing an eCheck:

1. Your business needs authorization from the customer to make the transaction. This can be done via an online payment form, signed order form, or a phone conversation.
2. After authorization is complete, you input the payment information into your online payment processing software. If it is a recurring payment, you'll also include the details for the recurring schedule.
3. Once the payment information is properly entered into the software, you click "Save" or "Submit" and start the ACH transaction process.
4. The payment is automatically withdrawn from the customer's bank account, the online software sends a payment receipt to the customer, and payment is deposited into your bank account. Funds are typically deposited into your bank account three to five business days after the ACH transaction is initiated.

2. Are eChecks the same as an EFT? Do eChecks use the ACH?

EFT stands for "Electronic Funds Transfer." This all-encompassing term includes many types of financial transfers: wire transfers, direct deposits, electronic benefits payments, and ACH disbursements.

An eCheck is a type of electronic funds transfer (EFT) that uses the Automated Clearing House (ACH) network to process the payment. The money is electronically withdrawn from the payer's account, sent via the ACH network to the payee's banking institution, and then electronically deposited into the payee's account – similar to a paper check, just electronically.

> ### What is an eCheck?
>
> An eCheck is a form of online payment where money is electronically withdrawn from the payer's checking account, transferred over the ACH network, and deposited into the payee's checking account. With an ACH merchant account, you can withdraw payments for a good or service directly from a customer's bank account.

3. Can eChecks be used for recurring payments?

eChecks are one of the most popular types of recurring payments. You might have also heard of the term "recurring ACH payment" which is the same as a recurring eCheck payment. Since you pay a smaller fee to process eChecks than credit card payments, it's popular to accept eChecks for recurring fees paid on a monthly basis such as fitness memberships.

4. How long does it take to clear and process an eCheck?

The eCheck clearing process varies slightly between providers. However, a general rule of thumb is that funds are verified within 24 to 48 hours of the transaction being initiated. If the payer has the funds available in their checking/bank account, the transaction is then cleared within three to five business days and the funds are moved from the payer's to the payee's account.

5. How do I send an eCheck payment?

In order to send an electronic payment, the person to whom you are sending the payment needs to have an ACH merchant account. This merchant account gives them the ability to use the ACH network to receive payments via electronic funds transfer.

There are two ways you can send an eCheck payment:

1. The payee sends you an online payment form where you fill in your checking account number, routing number, and payment amount. By clicking "Submit," you're authorizing the payee to withdraw the payment amount from your checking account.

   OR

2. By making a call on a recorded phone line, the payee can ask for your checking account and routing numbers. They input these numbers, as well as the payment amount, into the online payment terminal. Upon clicking "Process," the payment will be deducted from the payer's bank account and deposited into the payee's account (subject to the deposit timelines mentioned above).

6. How much does it cost to process an eCheck?

The providers of eCheck merchant accounts charge different fees to process an eCheck. Some eCheck processing companies charge a higher per-transaction fee and a lower monthly fee, while others charge the opposite. The average fee ranges from $0.30 to $1.50 per eCheck transaction.

> The average fee for eCheck varies by provider, but ranges from $0.30 to $1.50 per transaction.

7. How do I get an eCheck merchant account?

Signing up for an eCheck or ACH merchant account is similar to getting a credit card merchant account. Once you've found a best-fit merchant account provider, you'll need to provide information including Federal Tax ID, number of years in business, and estimated processing volumes. This will be entered into an application for approval by the payment processor or merchant account provider. Approval can happen in a matter of days.

How Zen Planner Supports ACH and eCheck

Using Zen Planner, you can schedule a payment's processing date right into your member's account. Through our integration with PaySimple and other integrated payment processors across the globe, your request to process a payment is submitted on the requested date. From there, you will be notified through the Zen Planner application that the payment is pending and whether it was approved or denied. You can also automatically send your gym or studio staff and member a personalized email that notifies them of the payment's status.

Learn More about Automated Payment Processing

Take the next step in streamlining your fitness business operations by automating payment processes. Not only will you save time but you'll also have a consistent revenue stream by setting your members up on automated, recurring payment schedules. The best part? You can focus on the aspects of your business that you truly love while automated payment processing does its magic in the background.

About Zen Planner

Zen Planner's all-in-one software gives you everything you need to turn your passion into a successful business. With integrated payment processing, scheduling, membership management, workout tracking, email and website templates, you have everything required to develop and grow the fitness community you worked so hard to create.

Not only does Zen Planner provide you with tools that enable you to grow, nurture and retain your members, it is remarkably easy to use. While some software providers require paid training over weeks and months, Zen Planner makes it easy to get up and running. Every customer gets three free sessions with a personal coach, so you can take advantage of Zen Planner's rich features right from the start.

Zen Planner is backed by a team of like-minded fitness fanatics. Our team is made up of affiliate gym competitors, yoga instructors, black belts, dancers and gym owners. When you do need help, we combine our software know-how with our expertise in your community to help you and your business thrive. Our passion for fitness and your success is apparent in our consistently high customer satisfaction score of 99%. And one out of every two customers refers another happy customer to us.

For more information on how Zen Planner can help you better manage your business, visit us on the web at zenplanner.com or give us a call toll-free at 866-541-3570. You can also sign up for a free trial at zenplanner.com/try-now