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Cash Discount Program

A Big Arrow In Your Quiver

WHY CASH DISCOUNTING?



Increase in costs associated with running a business --

- *Merchants have become more cost-conscious, especially during these times*



Merchants have greater knowledge about Interchange rates

- *Understand more about the layers of costs involved in their processing rates*



Merchants carry the burden for expensive rewards cards

- *They do not share the burden of these programs with the issuer*

WHAT IS CASH DISCOUNTING?

- Merchants add a customizable service fee to all credit, debit, and prepaid card transactions
- Reward customers who pay with cash or check by automatically giving them a discount, improves cashflow
- Helps the business owner reduce or eliminate their processing costs, reduce chargebacks
- Made possible by the Durbin Amendment, which was part of the 2010 Dodd-Frank legislation
 - Made it legal for businesses in every state to offer a discount to customers as an incentive and to encourage them to pay by cash, check, or store gift card, instead of with credit or debit cards

CASH DISCOUNTS VS. SURCHARGES

- Cash discounts are NOT surcharges

| Cash Discount | Surcharge |
|---|---|
| When a business owner offers a discount to a customer who pays by cash or check. | When a business adds an additional fee to purchases made with a credit card. |

- Surcharges have additional stipulations
 - *Prohibited on all debit and pre-paid card transactions (PIN & Signature Debit)*
 - *Surcharging is prohibited or limited in 11 states and outside the US*
 - *Requires special forms be sent to the Card Brands and the processor – And more...*

MERCHANT BENEFITS

- Legally share processing fees with their customers.
Keep more money in their pocket to help their business grow.
- Customize the service fee amount and type based on their average ticket.
Choose a percentage ranging from 3%-3.99% or a flat fee between \$0.30-\$0.60
- Clearly list all service charges and discounts on receipts.
Our software does this for merchants automatically.
- Build customer loyalty.
Customers who appreciate the discount are more likely to return to the merchants business.

FACTORS TO CONSIDER

- Average Ticket

Average cash payment in US in 2016 - \$22 – Federal Reserve Bank of Boston

- Customer Age Group

Baby Boomers (56-74), Gen-X'ers (40-55), Gen-Y'ers "Millennials" (24-39), Gen-Z'ers (<24)

- Competition

Is my competition offering a cash discount?

PRICING BASICS

SERVICE FEE AS A PERCENTAGE

For average ticket of \$15+

- A fee of 3.00%-3.99% (for example) is added to every card transaction
- We are doing 3.99% almost across the board except in some cases where there was either an extremely large opportunity or when competing for an existing “cash discount” merchant. We are using \$15+ as a threshold for this service fee.

SERVICE FEE AS A CONVENIENCE FEE

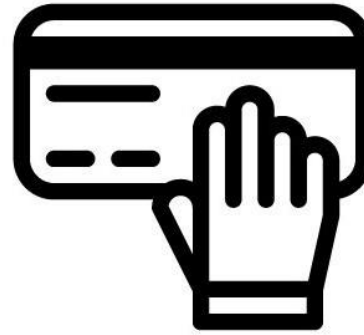
For average ticket under \$15+

- A fee of \$0.30-\$0.60 (for example) is added to every card transaction
- We have reps who have done a flat \$0.59/transaction for merchants with an average ticket under \$15.

PRICING GUIDELINES

| SERVICE FEE (% TO CUSTOMER) | MERCHANT RATE | SERVICE FEE (\$ TO CUSTOMER) | MERCHANT RATE |
|--------------------------------|---------------|---------------------------------|---------------|
| 3.99% | 3.837% | \$0.60 | \$0.60 |
| 3.75% | 3.614% | \$0.50 | \$0.50 |
| 3.5% | 3.382% | \$0.40 | \$0.40 |
| 3.25% | 3.148% | \$0.35 | \$0.35 |
| 3.00% | 2.913% | \$0.30 | \$0.30 |

How It Works



\$100 Sale

$$\begin{aligned} \$100 \times 3.99\% &= \$3.99 \\ \$100 + \$3.99 &= \$103.99 \end{aligned}$$

$$\begin{aligned} \$103.99 \times 3.837\% &= \\ \$3.99 \end{aligned}$$

If the merchant charges a 3.99% service fee on all sales, each time they sell a service or product at \$100, the retail price would really be \$103.99 unless the customer pays with cash.

In that case, the customer making cash purchases would be discounted, and only pay \$100.

MANDATORY SIGNAGE: POST AT ENTRANCE AND POS

- Signage is Required

In order to legally participate in a Cash Discount Program, merchants **MUST** display signage at the entrance of their business **AND** at the point of sale

- Fully Customizable

Because service fees can either be a flat fee between \$0.30 - \$0.60 or a percentage ranging from 3.00% - 3.99%, all pieces are fully customizable.

- Include a space where merchants can write in the amount with a pen or permanent marker



PAY WITH CASH & SAVE!



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CUSTOMER PRICING NOTICE

A 3.99% SERVICE CHARGE
IS APPLIED TO ALL STORE SALES.

PAY WITH CASH AND SAVE!

AS AN INCENTIVE FOR OUR CUSTOMERS, WE
NOW PROVIDE AN IMMEDIATE 3.99% CASH
DISCOUNT WHEN YOU PAY WITH CASH.

WE ACCEPT:



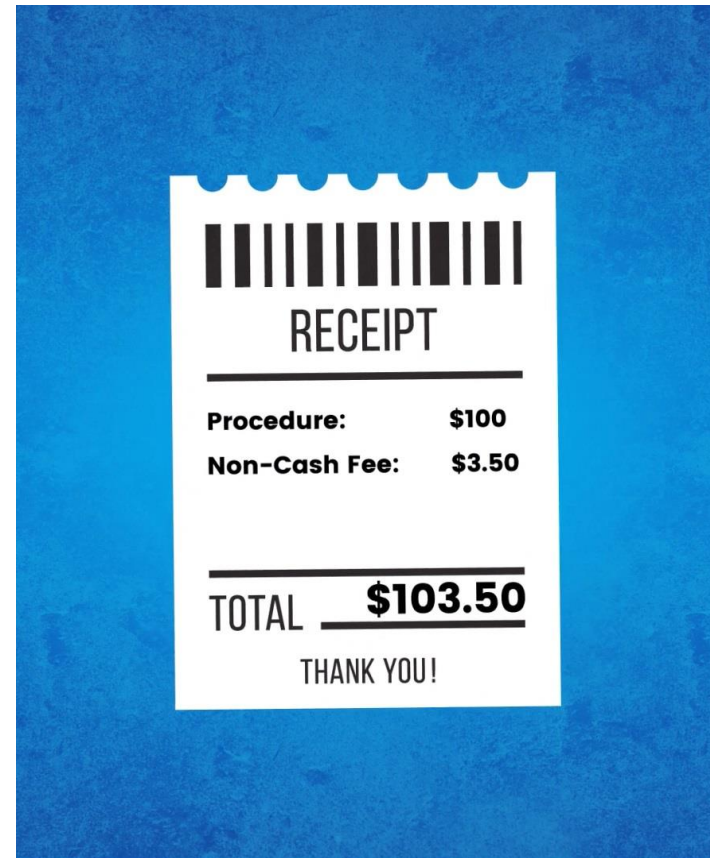
RECEIPT EXAMPLES

05/29/2018 10:43
Sale
Trans #: 1 Batch #: 1
AMEX *****1761 Swipe
Server: 1
Voucher ID: 180529981380

BASE AMT: \$1.00

SUB TOTAL: \$1.00
Service Fee \$0.04
SUB TOTAL: \$1.04

TIP AMT: \$-----
TOTAL AMT: \$-----



BASE AMT: \$1.00

SUB TOTAL: \$1.00
Non Cash Adjustment
\$0.04
SUB TOTAL: \$1.04

TIP AMT: \$-----
TOTAL AMT: \$-----

Available for all
Industry types

TARGET MERCHANTS



- **Retail** – in most retail scenarios there is the possibility of eliminating up to 100% of their total processing fees.



- **B2B/MOTO/eCommerce** – Merchants currently surcharging are prohibited by Visa to surcharge Debit Cards. Cash Discount applies to all card types, including pre-paid cards. ACH allows merchants offer Cash Discount for MOTO/eCommerce sales.



- **Restaurant/Personal Services** – in the restaurant/service (tip) environment, the current structure will allow for an 80%+ reduction in total processing fees.

Here's why: a service fee is added to the original authorization and cannot be added to the gratuity that is adjusted post-authorization.

MERCHANTS ALREADY SURCHARGING OR DOING CASH DISCOUNT

EVA!

- Auto Repair

- Monthly Volume - \$120,000

- Pricing – IC Plus .50% (50 basis points)

$$\$100,000 \times .50\% = \$600, \times 12 = \$7,200 \text{ EVA}$$

Not Bad!

- Auto Repair w/ Cash Discount

- Monthly Volume - \$120,000

- Service Fee – 3.99%

- Pricing – Flat Rate - 3.837%

- Base Average Interchange – 2.00%

$$\$120,000 \times 1.837\% = \$2204.40 \times 12 =$$

\$26,453 EVA

\$1102 /mo residuals



Boarding

- **Pricing – Flat Rate**
Use Flat Rate from Rate Chart
(e.g. 3.99% Service Fee = 3.837%)
- **Discount Frequency - Daily**
Service Fees collected are deducted from batch
- **Funding Rollup – Net Fees and Deposits**
Merchant receives only sales amounts and not fees
- **Other Fees - \$0**
Any other fees charged will NOT be offset by service fees so merchant could have additional fees at end of month.

SETUP ACCOUNT DETAILS PROCESSING INFORMATION **MERCHANT SERVICES**

Card Acceptance / Pricing

Pricing Type: Flat Rate ▼





Discount Frequency: Daily ▼

Funding Rollup: Net Fees and Deposits ▼ ⓘ

Card Acceptance: ☒ Visa ☒ MasterCard ☒ Discover ☒ Amex

Additional Card Types: ☐ Voyager- only available for certain Industries (see Processing I
☐ WEX- only available for certain Industries (see Processing I
☐ PIN Debit
☐ FRT

SUPPORTED DEVICES

| MAKE | MODEL | DESCRIPTION | RETAIL PRICE |
|---|------------------------------------|---|--------------|
|  | Clover Station 2019 Printer Bundle | Most Powerful Countertop POS w/Pivoting Touchscreen, NFC, EMV | \$1149 |
| | Clover Mini | Compact Countertop, Touchscreen, WiFi & LTE, NFC, EMV | \$489 |
| | Clover Flex | Wireless All-in-one, Touchscreen, WiFi & LTE, NFC, EMV | \$425 |
| | Clover Go | Bluetooth Mobile Solution, NFC, EMV | \$75 |
|  | Dejavoo Z9 | WiFi & Wireless, Contactless, Touchscreen, EMV, P2PE | \$369 |
|  | Dejavoo Z11 | Ethernet & WiFi, Contactless, Touchscreen, Quick Chip for EMV, P2PE | \$269 |
|  | PAX S80* | Ethernet, Contactless, Quick Chip for EMV, P2PE | \$162 |

**Will need to be on TSYS and require a PAXSTORE Reseller Account*



Objections

&

Regress



Perspective – to look at or perceive in a certain way

IN SUMMARY

- Merchants can legally share processing fees with their customers
- Cash discounts are NOT surcharges
- Merchants can charge a flat fee or a percentage
- Service fees/charges and cash discounts are clearly displayed on receipts



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