



www.gowithstar.com



HOW CASH DISCOUNT PROGRAMS CAN HELP BOOST BUSINESS WITH MILLENNIALS

As new technology enters the market, small business owners can struggle to keep up with the constantly changing payment options. In many cases, small businesses suffer under the financial burden related to credit card transaction fees. And, integrating expensive and complex technology that requires an overhaul of existing hardware and software can challenge an owner's ability to keep their business viable.

Millennials, the largest generation since the baby boomers, are behind the push for self-service options — yet they are also the biggest users of cash. Frugal and focused on budgeting, Millennials saw first-hand the devastation caused by the financial crisis of 2008 and many of them watched as their parents were laid off and family homes were foreclosed on. These experiences have created a distrust of traditional banking system — and a market for alternative payment options such as prepaid cards, PayPal and a reliance on cold hard cash.

Instead of catering to tech giants selling the idea of faster, safer retail transactions through programs like Google Wallet or Apple Pay, some merchants are turning to cash discount programs to harness Millennial business.



Evaluate the Data

Many people tend to associate cash discount programs with surcharge fees, creating confusion as to the legality and application of the program. The Durbin amendment in the 2010 Dodd-Frank Law states that businesses are permitted to offer a discount to customers as an incentive for customers to pay by alternative methods.

A surcharge is a fee that is added to the price of a good or service, typically based on a specific percentage of the total price before taxes are assessed. Forty states in the U.S. allow surcharge fees to be applied to credit card transactions, although debit cards are usually exempt from additional fees.

In contrast, a cash discount works by applying a small customer service fee to all customer transactions. The fee is then waived for any customer paying with cash or an in-store gift card.

Embrace the Drive Towards Cash

According to a recent case study, a small restaurant in Palmdale, CA switched to a cash discount program for their credit card processing. Within five months, the merchant saved an average of \$1,569 without any decrease in card usage. Programs like PaySavvy, FlatRatePay and Pay Low allow merchants to choose between a flat rate per-transaction or a percentage-based fee, which helps diffuse the cost of processing by splitting the fee with the customer. Customers using cash are offered a discount since there are no related transaction fees.

PaySavvy, for example, has a limitless program in which any non-cash price is passed on to the customer for all card transactions. The amount collected is used to cover processing and interchange costs, allowing merchants to save nearly all the money they are currently paying in card fees. Other offerings include, internet payment gateway, virtual terminal, and virtual point of sale to assist small merchants in handling card transactions.

With Millennials' preference for cash, budgeting and distrust of the traditional banking systems, it makes sense for small businesses to offer a cash discount. It saves merchants credit card fees and allows customers to choose how they pay.

To explore all the options of the PaySavvy program, or to speak to a professional about how a cash discount program can help you, contact Star Financial Services.

www.gowithstar.com
800.742.1852
sales@gowithstar.com

