



**Flexible,  
Limitless  
Payments...**

**Is Your  
Business  
Up to Snuff?**

The data is in...credit and debit card purchase volumes continue to rise. Results from a 2017 annual update to the Federal Reserve Payments Study show total payments grew from \$103.5 billion to \$111.1 billion from 2015 to 2016. It is clear that card acceptance is quickly becoming a “must have” for even the most remote restaurants, retailers and events. Fortunately, payment technology and innovation has begun to display the flexibility required to meet growing demands.

- **Communication** - While hardwired internet is still the norm in some locals, 3G and 4G wireless connectivity is quickly becoming more widespread. Utilizing the growing cellphone tower network, these services are reaching even more remote areas and providing faster, more reliable processing capabilities across the board.
- **Versatility** – Point of sale (POS) terminals are no longer strapped to the counter. Now, mobile devices allow servers, ticket takers and checkers to enter or scan items, processing orders and payments on-the-spot by communicating wirelessly with the main terminal. Even smaller, mobile friendly, plug-in devices provide merchants the ability to take their wares “on the road” – making events, street fairs and food truck operation simple, portable and compact.
- **Online** – Many merchants that rely on their physical presence are feeling the pain of the uptick in internet shopping behavior. Fortunately, taking your store online is now easier than ever, with the birth of template-based websites. Creating an avenue for inventory and payments can be a bit more difficult. But partners such as PaySavvy are quickly paving the way for shopping cart and payments integration for even the smallest merchants.



**“Innovative technology and tools empower merchants to take advantage of payment and processing solutions for their store, restaurant, ecommerce business,”** said Yonas Marcos, president and CEO for Star Financial Services, Inc., creators of the merchant payment solution PaySavvy.

# The Card Payment Dilemma

While increased use of debit and credit cards has become integral to merchant survival, they are also paying a steep price for the uptick in card use as processing fees eat into already slim profit margins. In response, some retailers are fighting for the right to recoup their losses by tagging surcharge fees to card purchases.

But merchants and their associations have seen little success in Federal Courts. Some states have taken the surcharging issue into their own hands, with 40 of them updating laws to permit surcharging to recoup processing costs – typically up to 4 percent. However, there are ten (California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas) that completely ban such activity.

But, whether legal at the state level or not, the ability to impose surcharges is often dependent on the contracts. For instance, American Express contracts expressly prohibit surcharging. Contracts signed with Visa and MasterCard may also put merchants in a bind if they include non-surcharging language. The only surefire way to be certain is to thoroughly review any card processing paperwork.

But merchants don't have to surcharge to protect themselves against growth in card processing costs. A court case settled in July 2012 pushed Visa, MasterCard and major banks to drop requirements that retailers charge the same price for cash and credit purchases. An added bonus, all 50 states allow the use of discounts for cash payments. In fact, many gas stations have already begun implementing this process at the pump – where consumers now often see standard prices versus cash prices.

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. Cash discount 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. The program is just \$35 a month for processing and comes with a free EMV-compliant card reading terminal that can take ApplePay, Android Pay and contactless payments via NFC. With the ability to deliver digital receipts and perform offline transactions, it operates on a PCI level 1 compliance, secure platform and is available with additional terminals including mobile card terminals. In addition, PaySavvy's program can be integrated into an ecommerce website.

"Due to its wide-spread legality, cash discount programs like our limitless program are taking over the market," notes Marcos. "Merchants who were beginning to lose big on card fees are able to transfer some of their losses to the customers favoring plastic."

Credit and debit card acceptance are quickly becoming a must to survive in the merchant world. Seeing the growing need, payment providers are scrambling to create more versatile and robust payment innovations. Combining these new technologies with a savvy cash discounting strategy can not only maximize sales capabilities but also cut operating expenses for merchants, ultimately generating greater profits.

Be Smart. Be  
**Savvy**

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