



VMS Cash Discount Program

Sales Resource Guide – ISO Partners



WHY CASH DISCOUNTING?



Increase in costs associated with running a business

- Merchants have become more cost conscious



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 and debit card transactions
- Reward customers who pay with cash or check by automatically giving them a discount
- Helps the business owner reduce their processing costs
- 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 <i>discount</i> to a customer who pays by cash or check.	When a business adds an <i>additional fee</i> to purchases made with a credit card.

- Surcharges have additional stipulations
 - Prohibited on all debit card transactions (PIN & signature)
 - Surcharging is prohibited or limited in 10 states
 - Requires special forms be sent to the associations 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 based on their average ticket.** Choose a flat fee between \$0.30-\$0.60 or a percentage ranging from 3%-3.99%.
- **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.
- **Get free signage.**
We provide customizable signage to post at the entrance of their business and the point of sale.

MERCHANT 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
- BETA feedback: In Michigan 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 TRANSACTION FEE

For average ticket under \$15+

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

MERCHANT PRICING GUIDELINES

SERVICE FEE (% TO CUSTOMER)	MERCHANT PRICING	SERVICE FEE (\$ TO CUSTOMER)	MERCHANT PRICING
3.99%	3.83%* 3.84%**	\$0.60	\$0.60
3.75%	3.61%* 3.62%**	\$0.50	\$0.50
3.5%	3.38%* 3.39%**	\$0.40	\$0.40
3.25%	3.14%* 3.15%**	\$0.35	\$0.35
3.00%	2.91%* 2.92%**	\$0.30	\$0.30

*IF VMS ROUNDS UP

**IF VMS ROUNDS DOWN

MERCHANT PRICING TABLE

- Have a merchant who wants to charge a different service fee percentage?
- Consult the Cash Discount Service Fee Percentage Pricing Table
- See what you need to charge the merchant to get their processing fees as close to zero as possible



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Cash Discount Service Fee Percentage Pricing Table

Svc Fee %	Rate Entry Value	Svc Fee %	Rate Entry Value	Svc Fee %	Rate Entry Value	Svc Fee %	Rate Entry Value
3.99%	3.837%	3.69%	3.559%	3.39%	3.279%	3.19%	3.091%
3.98%	3.828%	3.68%	3.549%	3.38%	3.269%	3.18%	3.082%
3.97%	3.818%	3.67%	3.540%	3.37%	3.260%	3.17%	3.073%
3.96%	3.809%	3.66%	3.531%	3.36%	3.251%	3.16%	3.063%
3.95%	3.800%	3.65%	3.521%	3.35%	3.241%	3.15%	3.054%
3.94%	3.791%	3.64%	3.512%	3.34%	3.232%	3.14%	3.044%
3.93%	3.781%	3.63%	3.503%	3.33%	3.223%	3.13%	3.035%
3.92%	3.772%	3.62%	3.494%	3.32%	3.213%	3.12%	3.026%
3.91%	3.763%	3.61%	3.484%	3.31%	3.204%	3.11%	3.016%
3.90%	3.754%	3.60%	3.475%	3.30%	3.195%	3.10%	3.007%
3.89%	3.744%	3.59%	3.466%	3.29%	3.185%	3.09%	2.997%
3.88%	3.735%	3.58%	3.456%	3.28%	3.176%	3.08%	2.988%
3.87%	3.726%	3.57%	3.447%	3.27%	3.166%	3.07%	2.979%
3.86%	3.717%	3.56%	3.438%	3.26%	3.157%	3.06%	2.969%
3.85%	3.707%	3.55%	3.428%	3.25%	3.148%	3.05%	2.960%
3.84%	3.698%	3.54%	3.419%	3.24%	3.138%	3.04%	2.950%
3.83%	3.689%	3.53%	3.410%	3.23%	3.129%	3.03%	2.941%
3.82%	3.679%	3.52%	3.400%	3.22%	3.120%	3.02%	2.931%
3.81%	3.670%	3.51%	3.391%	3.21%	3.110%	3.01%	2.922%
3.80%	3.661%	3.50%	3.382%	3.20%	3.101%	3.00%	2.913%
3.79%	3.652%	3.49%	3.372%				
3.78%	3.642%	3.48%	3.363%				
3.77%	3.633%	3.47%	3.354%				
3.76%	3.624%	3.46%	3.344%				
3.75%	3.614%	3.45%	3.335%				
3.74%	3.605%	3.44%	3.326%				
3.73%	3.596%	3.43%	3.316%				
3.72%	3.587%	3.42%	3.307%				
3.71%	3.577%	3.41%	3.298%				
3.70%	3.568%	3.40%	3.288%				

3.99% 3.830% = Most Popular & Recommended
3.75% 3.614% = Most Popular & Recommended

TARGET MERCHANTS

*Available in all
industry types*



Retail – In most retail scenarios there is the possibility of eliminating up to 100% of total processing fees.



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




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

TARGET MERCHANTS

Here are some scenarios based on average tip sizes for a \$100k restaurant:

15% AVG TIP	18% AVG TIP	20% AVG TIP
\$86,956.52 IN PRE-AUTH VOLUME	\$84,745.76 IN PRE-AUTH VOLUME	\$83,333.33 IN PRE-AUTH VOLUME
\$13,043.48 IN TIPS	\$15,254.24 IN TIPS	\$16,666.67 IN TIPS
FEE ON PRE-AUTH = WASH*	FEE ON PRE-AUTH = WASH*	FEE ON PRE-AUTH = WASH*
FEE ON TIPS @ 3.83% = \$499.57 EFFECTIVE RATE OF 0.5%	FEE ON TIPS @ 3.83% = \$584.24 EFFECTIVE RATE OF 0.58%	FEE ON TIPS @ 3.83% = \$638.33 EFFECTIVE RATE OF 0.64%

SUPPORTED DEVICES

	Make	Model	Description	Retail Price
	Dejavoo	Z8	Ethernet & WiFi, Contactless, Quick Chip for EMV, P2PE	\$240
	Dejavoo	Z9	WiFi & Wireless, Contactless, Touchscreen, EMV, P2PE	\$427
	Dejavoo	Z11	Ethernet & WiFi, Contactless, Touchscreen, Quick Chip for EMV, P2PE	\$278

Cash Discount is also available for major POS systems, including Aloha, MICROS, POSitouch, etc.

- Dejavoo devices are preferred. They allow the service fee to be separated on the batch report, which is a key feature for some merchants.

RECEIPT EXAMPLES

Joe's Pizza
4100 Royal Lane
Irving, Texas 75063
Tel: 2148831881
pt@flattest.com

Order# 16924340
Order Date: 20.07.2017 5:07 PM

Large Pepperoni Pie	
\$17.95 x 1	\$18.00
Sku: 125446	

Subtotal	\$18.00
Sales tax @ 0.00%	\$0.00
SVC	\$0.70
Discount	-\$0.70

Total	\$18.00
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Amount paid via Cash	\$20.00
Change	\$2.00



Thank you for your business

Joe's Pizza
4100 Royal Lane
Irving, Texas 75063
Tel: 2148831881
pt@flattest.com

Order# 16924338
Order Date: 20.07.2017 5:06 PM

Large Pepperoni Pie	\$18.00
\$17.95 x 1	
Sku: 125446	

Subtotal	\$18.00
SVC	\$.70
Discount	\$0.00

Total	\$18.70
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Amount paid via Credit/Debit Card	\$18.70
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Large Pepperoni Pie	Card number: AMEX XXXXXXXXXXXXX2098
\$17.95 x 1	Payment date: 20 Jul 2017 17:06:32
Sku: 125446	Authorization code: 828386
	Transaction Id: 3



Thank you for your business

ONBOARDING STEPS FOR NEW MERCHANTS

1. Request Cash Discount in the Comments section of the boarding form

Ship To:	<input type="checkbox"/> Merchant	<input type="checkbox"/> ISO/Sales Agent	<input type="checkbox"/> Office	<input type="checkbox"/> Other (Specify):
Ship Method:	<input type="checkbox"/> Overnight	<input type="checkbox"/> 2nd Day	<input type="checkbox"/> Ground	
Address:				
City: State: Zip:				
Comments:				

2. And in the notes section of the order form

Summary/	<input type="checkbox"/> Auto Close:	VOID:	<input type="checkbox"/> Reprint:	<input type="checkbox"/> Settlement:
Total Detail	Please indicate time:	<input type="checkbox"/> Offline:	<input type="checkbox"/> Refund:	<input type="checkbox"/> Reports:
All/Both	<input type="checkbox"/> AM <input type="checkbox"/> PM			
NOTES AND SPECIAL INSTRUCTIONS (If feature needed is not listed above, please indicate below)				
SHIP EQUIPMENT TO (If blank, default is DBA Address)				

3. **DO NOT** check the box on the paper app to pass through association assessments & fees;
NOTE: this box is automatically checked in boarding so you will need to uncheck it

Pricing

	Rate	Fee
MasterCard Qualified CheckCard	%	\$
Visa Qualified CheckCard	%	\$
Discover Qualified CheckCard	%	\$
Amex Qualified Prepaid	%	\$
MasterCard Qualified Credit	%	\$
Visa Qualified Credit	%	\$
Discover Qualified Credit	%	\$
Amex Qualified Credit	%	\$
Amex Conveyance Fee	N/A	\$
EBT	N/A	\$
Mid Qualified Surcharge	%	\$
Non Qualified Surcharge	%	\$

Pass Through Card Association Assessments & Fees ☐

Other Important Information

- Make sure you use the **Discount application!**
- Make sure you specify the **Flat Fee** or the pricing **Percentage**.
- The Equipment team will ship signage to the merchant, along with the terminal.


CONVERTING EXISTING MERCHANTS TO CASH DISCOUNT

- Partners must complete the **Cash Discount Pricing Conversion Form**.
 - Please submit the form 24-48 hours before you want the changes to take place. Be aware that Dejavoo file builds auto update and could be implemented before pricing is effective.
- Make sure you specify the **Flat Fee** or the pricing **Percentage**.
- Existing merchants** will only be switched on the **first** of the month.

Other Important Information

Do you have a **small ticket** merchant charging the service fee as a **transaction fee** and who wants to be on **daily discount**?

- The **transaction fee** must be placed on the left side of the form under the **Fee** column, next to each card type (i.e., MasterCard Qualified, Visa Qualified, etc.).
- You must also zero out the **Mid-Qualified** and **Non-Qualified** fields by placing a zero or dash in those areas.

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Cash Discount Pricing Conversion Form

MERCHANT DBA:		MID: 658800000	
REQUESTED BY:		EFFECTIVE DATE:	

☐ Pricing Change: (Update Pricing Fields As Listed Below. If left blank then they will be interpreted as ZERO)

Discount:	Rate	Fee	Month(s)	Fee
MasterCard Qualified CheckCard	%	\$		
Visa Qualified CheckCard	%	\$		
Discover Qualified CheckCard	%	\$		
Amex Qualified Prepaid	%	\$		
MasterCard Qualified Credit	%	\$		
Visa Qualified Credit	%	\$		
Discover Qualified Credit	%	\$		
Amex Qualified Credit	%	\$		
Amex Conveyance Fee	N/A	\$		
EBT	N/A	\$		
Mid Qualified Surcharge	%	\$		
Non Qualified Surcharge	%	\$		
Pass Through Card Association Assessments & Fees				
Other Fees				
Other Fee:	N/A	\$		
Other Fee:	N/A	\$		
Other Fee:	N/A	\$		
Other Fee:	N/A	\$		
PIN-Based Debit <input type="checkbox"/> Pass through network fees?	%	\$		
Host Capture Administrative Transaction Fee	N/A	\$		
Express Merchant Funding <input type="checkbox"/>	%	N/A		
Settlement: <input type="checkbox"/> Daily <input type="checkbox"/> Monthly				
Authorization Fee			N/A	\$
IVR / DialPay Authorization			N/A	\$
Voice Authorization			N/A	\$
AVS Transactions (Surcharge)			N/A	\$
Batch Processing			N/A	\$
Chargeback Item Processing			N/A	\$
Retrieval Item Processing			N/A	\$
Non Supported Help Desk Call			N/A	\$
Application Processing Fee				\$
Annual Fee				\$
Semi-Annual Fee ** Two Months Required				\$
Debit Access Fee			N/A	\$
Gross Settlement Fee			N/A	\$
Monthly Account Fee			N/A	\$
Monthly DataGuardian Fee			N/A	\$
Monthly Compass Online Reporting			N/A	\$
Monthly Minimum Discount			N/A	\$
Monthly Statement			N/A	\$
Monthly Supply Club Membership			N/A	\$
Annual Regulatory Reporting Fee			N/A	\$

Signature of Authorized Principal: _____ Principal Contact #: _____ Date: _____

CLEARANT OFFICE USE ONLY!

Merchant Board Date: _____ Completed By: _____ Date: _____

Risk Review Date: _____ Risk Approval: Yes ☐ No ☐ Risk Initials: _____

Email to operations@clearant.com fax to (314) 721-7300
All emails will receive a receipt of request and faxes will not.

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*

- **Multiple Options**

- Window decals, table tents & adhesive hangers

- **Free & Easy to Order**

- Merchants participating in our program get **FREE** signage
- Signage orders for new merchants will be handled by the Equipment team

SIGNAGE

Door/Window Decal

5" x 7.75"



Table Tent

5" x 7"



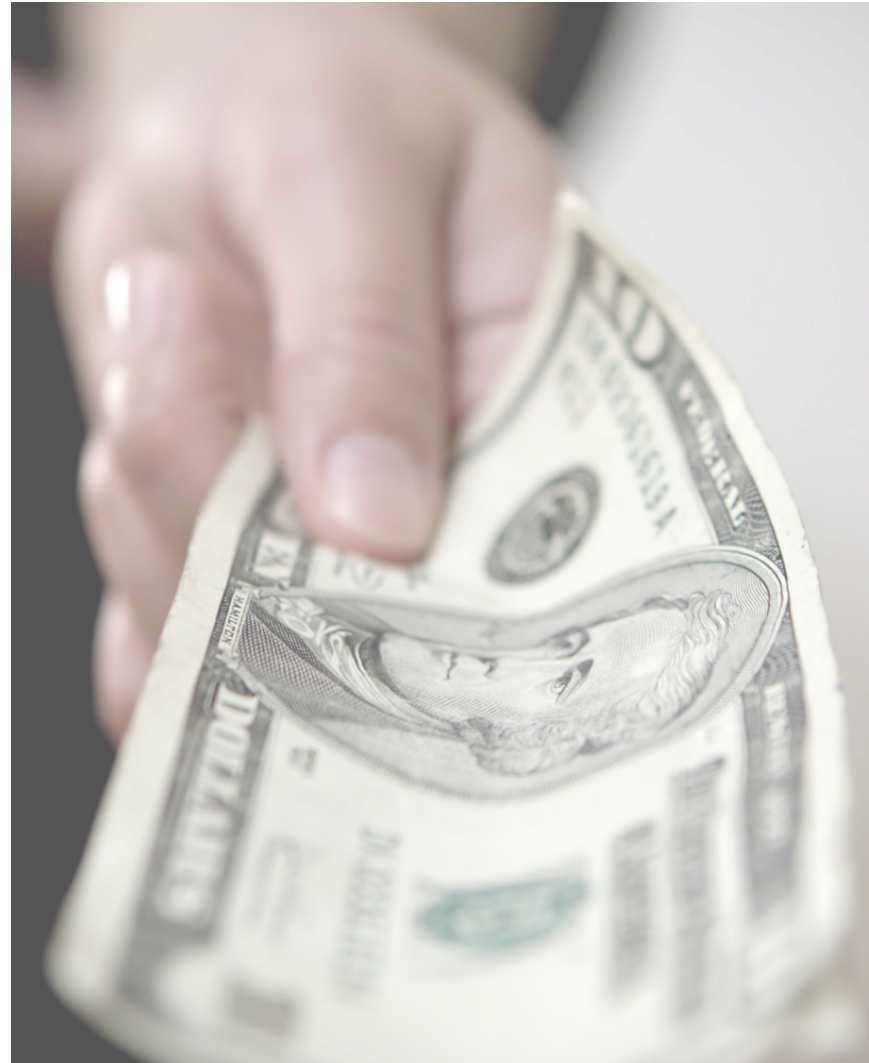
Adhesive Hanger

3" x 4"



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
- Get *free signage* to post at the entrance and at the point of sale





Need More Information?

For more information, please contact the VMS
Sales Support team at 800.531.8575 x 0 or
support@valuedmerchants.com

