



Maximizing Your Potential with Dual Price

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Maximizing Your Potential Starts with a Growth Mindset



What is Growth Mindset

**It 's a continuous journey that starts
with one choice...**

Go through it or Grow through it .



What is Growth Mindset



Are you going to
Go through it or
Grow through it?

What Characteristics Exist in a Growth Mindset?

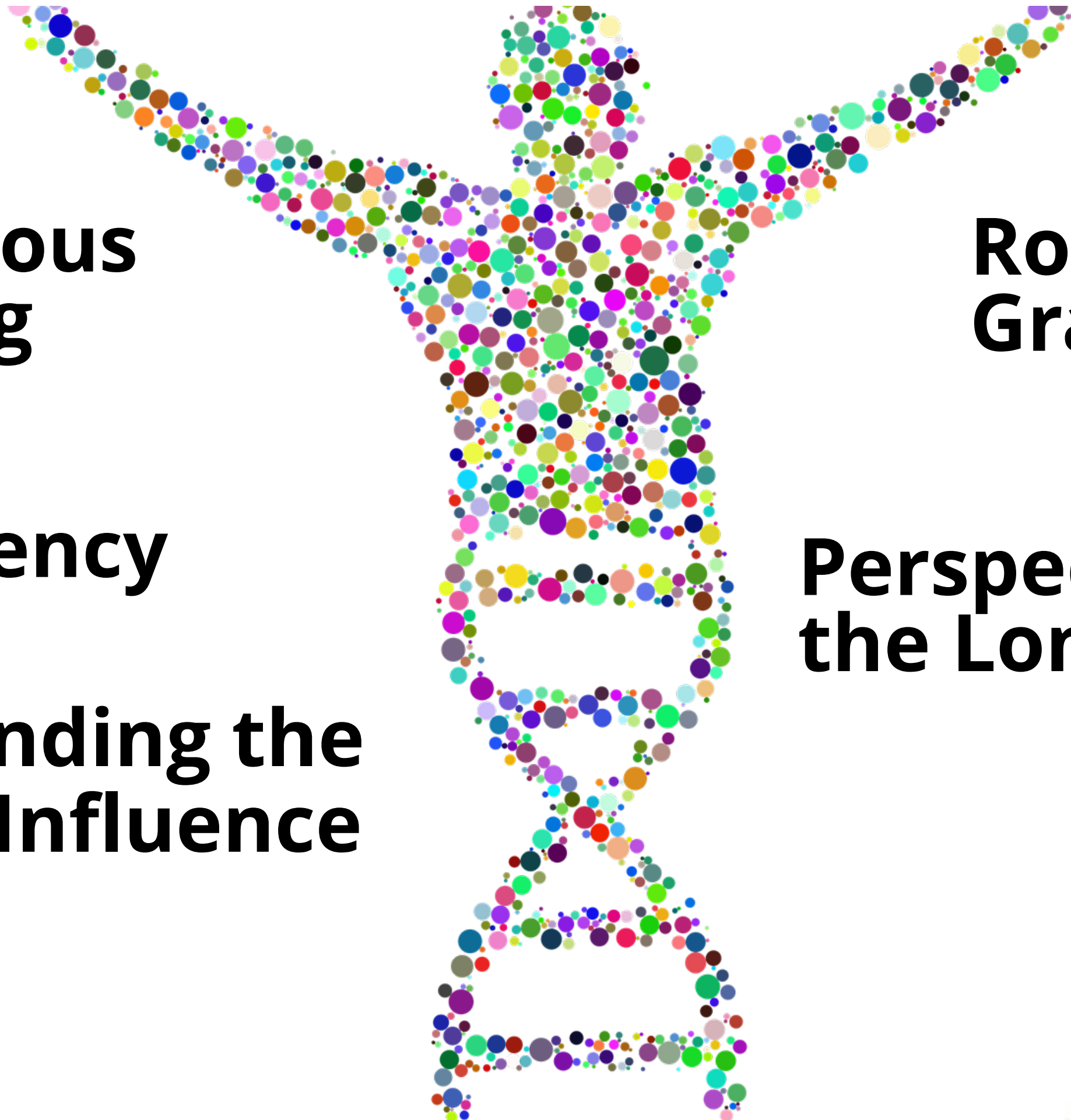
**Continuous
Learning**

**Rooted in
Gratitude**

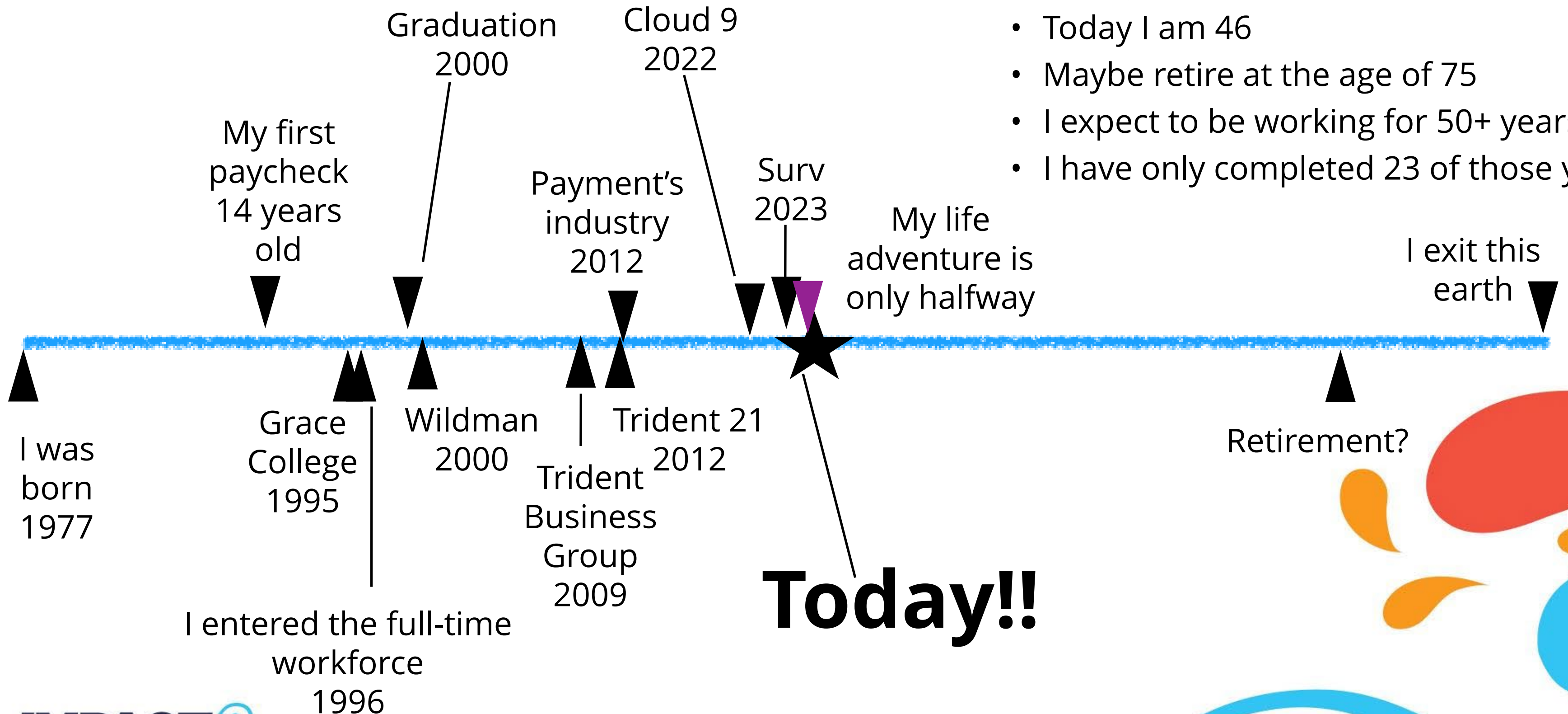
Resiliency

**Perspective – Play
the Long Game**

**Understanding the
Power of Influence**



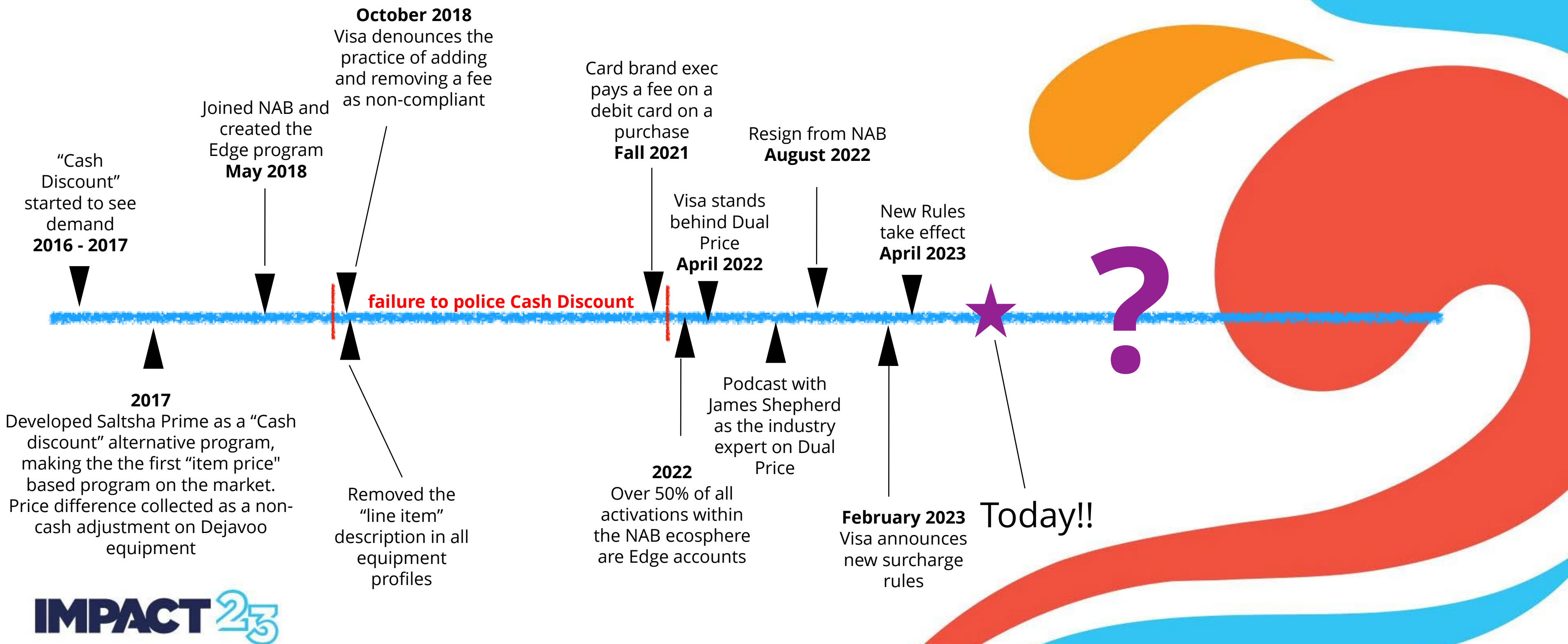
My Timeline



- I expect to live to be 90
- Started my career in 2000 at 23
- Changed industries in 2012 at 35
- Today I am 46
- Maybe retire at the age of 75
- I expect to be working for 50+ years
- I have only completed 23 of those years

Dual Price Timeline

The “cash-discount” crowd is looking



How We Arrived Here

Abuse of surcharging by several factors:

- 1. Laziness with not wanting to follow the laid-out process**
- 2. Lack of technology to handle BIN recognition and not charge a debit transaction the surcharge**
- 3. Difficulty in billing the merchant differently for a credit transaction vs. a debit transaction on the credit rails**
- 4. The desire to provide a simplified program that can be sold in any merchant, in any state**



Merchant's Eyes & Life

When a business creates its budget, they have the cost of acceptance built in as a line item of expenses that is spread across all sales and profit. This line item will be impacted by payment mix and total sales.

Point - The merchant already passes on the cost of processing to the consumer.

Merchant's Eyes & Life

Some of the highest costs of doing business

1. Cost of goods
2. Payroll
3. Rent
4. Processing expenses
5. Utilities
6. Insurance



Merchant's Eyes & Life

Economic Environment & Limitations

1. Costs are going up, eating into overall margins
2. A merchant can't always just "raise prices"
3. Many businesses are limited to pricing items at MAP pricing dictated by their suppliers and vendors or other limiting factors
4. A business has to consider what the "market" will bear and how they will respond when any pricing changes



Merchant's Options

1. Sell more to increase the amount of profit over fixed expenses
2. Raise Prices
3. Implement a Dual Price pricing experience, giving the customer more options
4. Surcharge credit card transactions



Programs in the Payments Space That Help Merchants Recoup Expenses

- Surcharge Programs
- “Cash Discount” Programs
- True Cash Discount Programs
- Dual Price Programs

Each Program Has Its Own Game

Fee-based programs

A fee being added to a transaction that does not appear on a cash transaction

Impact:

This is a customer experience that adds a fee to a transaction.

Players and rules makers

1. The Card Brands
2. The State the Business Resides In
3. The Merchant
4. The Processor & Acquiring Bank



Surcharge Programs

Proper "Registered" Surcharging

1. Register with the card brands and wait to implement
2. Must have equipment that recognizes when a debit card is inserted and doesn't add the surcharge
3. Hang proper signage and create the correct experience
4. Allowable in 48 states

Surcharge Program Signage

**WE IMPOSE
A SURCHARGE ON
CREDIT CARDS
THAT IS NOT
GREATER THAN
OUR COST
OF ACCEPTANCE**

Reorder: NHE-18642 www.ComplianceSigns.com

**WE IMPOSE A SURCHARGE
OF \$___ ON THE TRANSACTION
AMOUNT ON MASTERCARD AND
VISA CREDIT CARD PRODUCTS,
WHICH IS NOT GREATER THAN
OUR COST OF ACCEPTANCE
WE DO NOT SURCHARGE
MASTERCARD AND VISA
DEBIT CARDS**

Reorder: NHE-18640 www.ComplianceSigns.com

Cash Discount - Industry Version

1. A fee is added to all transactions
2. When cash is used, the fee is discounted, and this is called a “cash discount”
3. Attempts to use the legal wording “merchants are allowed to offer cash discounts” as the justification
4. All you are selling is a fee to be assessed to the customer
5. The net result is the same as surcharging; a fee is on a card transaction that is not on a cash transaction



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Fee-based programs

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Card Brands Have Always Been Very Clear on the Rules



Visa's Statement – October 2018

"Models that encourage merchants to add a fee on top of the normal price of the items being purchased, then give an immediate discount of that fee at the register if the customer pays with cash or debit card, are NOT compliant with the Visa Rules and may subject the acquirer to non-compliance action."

5.12 Prohibited Practices

An Acquirer must ensure that none of its Merchants engage in any of the prohibited practices set forth in this Rule.

5.12.1 Discrimination

A Merchant must not engage in any acceptance practice that discriminates against or discourages the use of a Card in favor of any other acceptance brand.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "United States Region," and "Additional U.S. Region and U.S. Territory Rules" chapters.

5.12.2 Charges to Cardholders

A Merchant must not directly or indirectly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction.

A Merchant may provide a discount to its customers for cash payments. A Merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used, or as the Corporation has expressly permitted in writing.

For purposes of this Rule:

1. A surcharge is any fee charged in connection with a Transaction that is not charged if another payment method is used.
2. The Merchant discount fee is any fee a Merchant pays to an Acquirer so that the Acquirer will acquire the Transactions of the Merchant.

An acquirer must ensure that none of its Merchants engage in any of the prohibited practices set forth in this Rule.

A Merchant must not directly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction.

A surcharge is any fee in connection to a transaction that is not charged if another payment method is used.

April 15th Impact

Visa Announces Regulation Changes for Surcharge in Canada, the U.S. and U.S. Territories

Visa has recently announced changes to their Surcharge rules that will take effect April 15, 2023. As a leader in payments, Global Payments is dedicated to keeping you and your merchants informed on these industry and regulation changes.

- **Simplifies all “fee-based” programs for Compliance, eliminating the “registered Surcharge Program**
- **Reduces the cap on a fee from 4% to 3%**
- **Reinforces the “NO DEBIT CARD” application**
- **Pulls ALL fee-based programs into the scope of governance by the card brands**

Overview - These updates will impact three key areas of surcharge transactions:

- **Visa registration is no longer required.** Merchants will now only need to notify their acquirers, not Visa, 30 days in advance if they wish to assess surcharges.
- **The maximum amount for a credit card surcharge will be lowered from 4% to 3%. This means that merchants with surcharge rates over 3% must be adjusted by April 1, 2023 to be in compliance with the new regulation.** This new maximum amount will be included in the Visa Rules going forward. Global Payments is currently reviewing this change and will provide additional information following this communication.
- **The surcharge amount must be populated in Field 28 — Amount, Transaction fee, which Visa will now consider to be the notification of surcharge.** For your merchants that are on Vital, this is not considered a new field for our operations, and no action is required from you on this change. However, if your merchant is using third party software, they will need to work with that provider to ensure the proper fields are populated by the April date.

Each Program Has Its Own “Game”

True Cash Discount Programs

The price must be reduced from the listed price on the shelf or menu when cash is used

Impact:

This is a customer experience that implements a pricing strategy that impacts revenue, sales tax collected and paid, as well as overall bottom-line profit for the merchant. The merchant must either raise all the listed prices and then offer a discount for payment by cash or potentially take a negative bottom-line impact by accepting cash

Players and rules makers

1. The Merchant
2. The Suppliers / Vendors
3. Card Brands via the Durbin Amendment - Defined as a reduction in the informed “regular price” and does not include any method of raising that informed price (displayed price)



Each Program Has Its Own “Game”

Dual Price Programs

All items & services have two prices

Impact:

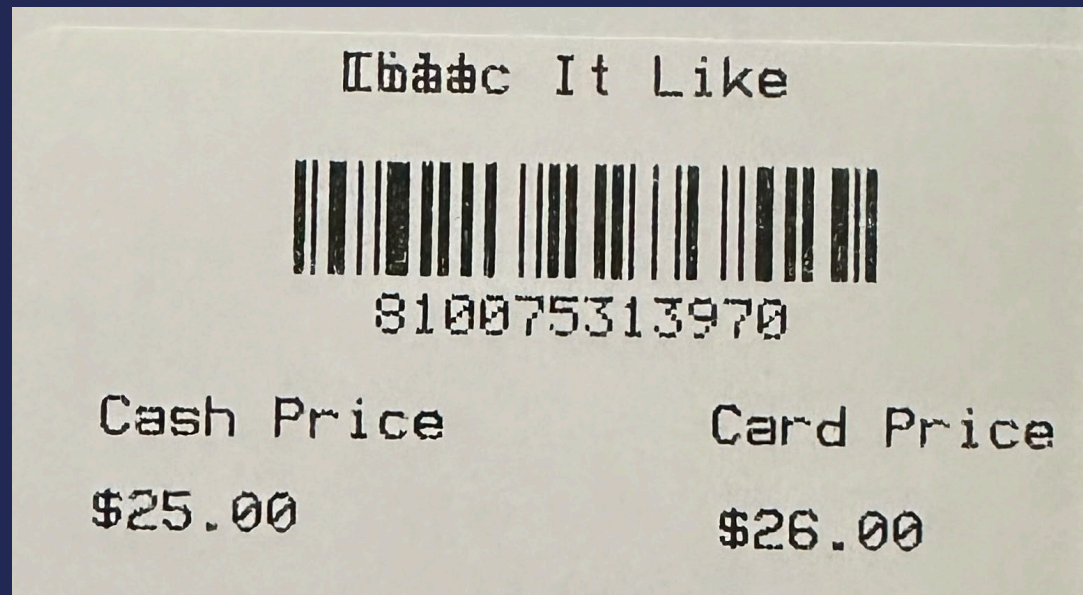
This is a customer experience that implements a pricing strategy that impacts revenue, sales tax collected and paid, as well as overall bottom line profit for the merchant.

Players and rules makers

1. The Merchant
2. The Suppliers / Vendors
3. The State the Business Resides In

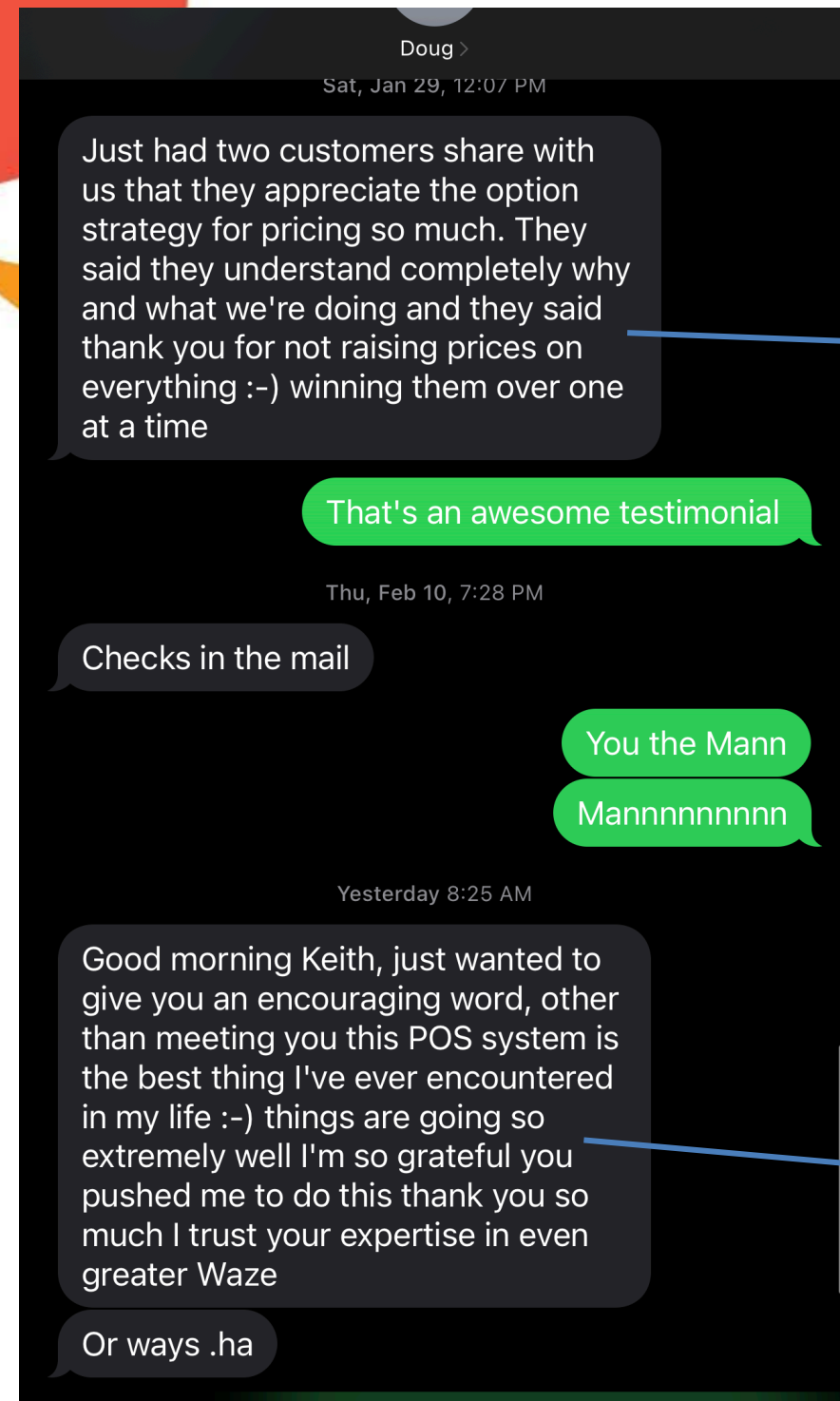


Dual Price is All about the Customer Experience



1. It's more difficult to implement than a "fee-based" program
2. A much better customer-oriented pricing strategy
3. Execution comes down to state guidelines
4. Listing both prices is the best experience

When Software & Experience Collide



"Just had two customers share with us that they appreciate the option strategy for pricing so much. They said they understand completely why and what we're doing and they said thank you for not raising prices on everything 😊 Winning them over one at a time."- Doug

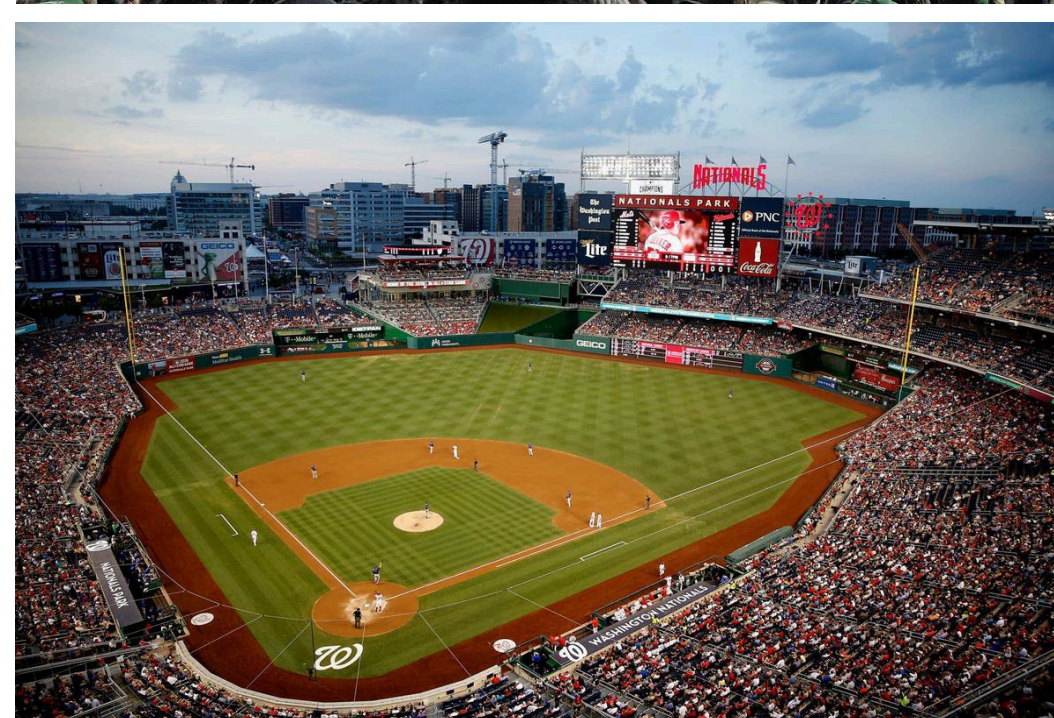
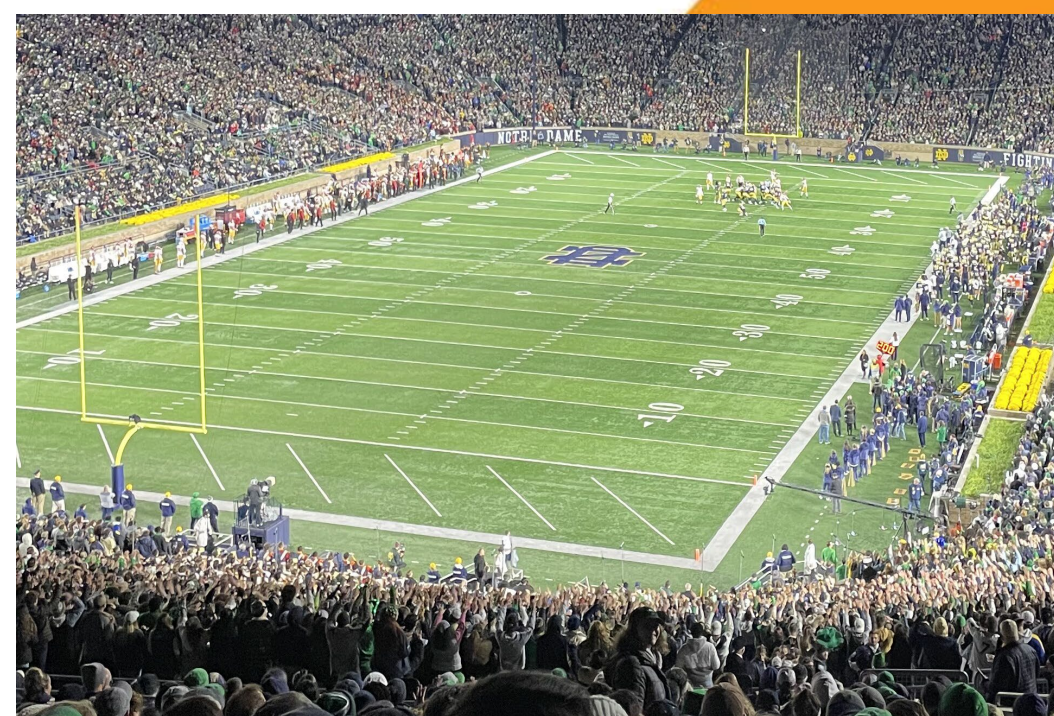
"I just wanted to give you an encouraging word, other than meeting you, this POS system (program) is the best thing I've ever encountered in my life. 😊 Things are going so extremely well I'm so grateful you pushed me to do this. Thank you so much. I trust your expertise in even greater ways." - Doug

Pick a Game

Fee-Based Program

True Cash Discount Program

Dual Price Program





Key Aspects to Consider

1. Wording Matters

1. “Cash discount”

2. Compliance

3. Fees

4. Card vs. Credit

2. There is no immediate “pay more in taxes” with Dual Price, unless their net profit increases (that’s a good thing).

3. Every one of these programs is a customer experience that the payments industry has the ability to support.

4. Technology is not the “owner” of any of these programs.
Example: Simply having a display that shows two prices does not make that merchant a “dual price” merchant.

Action Items for YOU

1. Invest in yourself to properly understand a dual price program and how to both sell it and implement it
2. Understand that YOU are the only thing that is limiting your potential
3. Become an EXPERT. People pay for EXPERTISE.
4. Consume education and content that has YOUR and the merchant's BEST interests at heart - that is how we all win.

Ripple Effect



Maximizing Your Potential with Dual Price

It's Only
Crazy Until
It's Not

