

HOW TO THRIVE IN THE NEW AGE OF CREDIT CARD PAYMENTS



Navigational Guidebook for Business Owners

WIND RIVER
FINANCIAL



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INTRODUCTION:

The Changing World of Customer Payments

The world around us is in a state of change. This is particularly true when it comes to customer preferences, payment methods, and channels of engagement. Advanced technology along with changing consumer needs and expectations – some generation-based and some pandemic-created – have ushered in a new age of credit card payments. This goes well beyond traditional swipe and sign and includes:

- Broader adoption of digital channels and diverse payment methods in B2B and B2C
- Growing customer preference for touchless interaction at POS
- Higher costs associated with expanding payment channels
- Greater vulnerability of your customer payment data

The rapid dawning of this new age in payments presents quite a challenge for many businesses. You may have been progressing right along on a comfortable path when something like a worldwide health crisis forces a sharp left turn. Suddenly, you find yourself surrounded by trees in the middle of an unfamiliar forest. Which way should you turn? How do you traverse this new terrain?



What You Need to Survive and Thrive.

Anyone who has ever roughed-it in the woods will tell you that four items are essential to keeping you safe and comfortable: food, water, shelter, and a great Swiss army knife. Although the necessities are slightly different for businesses, the tactics for successfully navigating this new, obscure environment are very similar.

The Purpose of this Guidebook.

Getting back on a smooth trail and successfully adapting to this new environment is important, and the stakes couldn't be higher these days. This is why we wrote this book. Our goal is to provide the information you need to not only survive, but actually thrive, as preferences and technology continue to change.

The very survival of your business depends on your ability to navigate the new world of customer preferences and payments.

CHAPTER 1:

Carry a Swiss Army Knife, Not a Pocket Knife

Modern businesses need to accept credit cards, and payment processing companies enable you to do just that. This is their main function, and many times, it is pretty much all they'll do for you. If you think accepting card payments is really all you need, please think again. Times have changed.

Having just a payment processor is like surviving in the wilderness with just a pocket knife. It might be useful sometimes, but you will encounter situations in which a simple knife will not suffice.

A pocket knife, for example, does not provide direction or open a can of food – not without great difficulty anyway!

In order to thrive in this new payment environment, you need something sturdy and robust with broader capabilities. You need a Swiss army knife.

MERCHANT SERVICES PARTNER: YOUR SWISS ARMY KNIFE

In contrast to a simple payment processor, a merchant services partner will be your Swiss army knife – your key survival tool; an agile, self-contained resource that provides the tools you need to thrive in any situation.

These tools include:

Compass

A compass indicates direction and is one of the most important tools of navigation. Likewise, a good merchant services partner is continuously calibrating for the payment industry and will provide you with direction so you do not get lost in the wilderness of change.

Effectively doing this means getting to know you and your business. Without that familiarity, the compass needle will not point in any specific direction, and that won't guide you anywhere.

Flashlight

Some Swiss army knives are now embedded with an LED light to illuminate your path in the wilderness. In like fashion, a true merchant services partner also will light your way.

This is important because your expertise lies in your business, not in credit card processing. You need a partner that stands ready to shed light on the right equipment, the right payment gateway, and the right payment capabilities for your customers.

Moreover, while you're busy running your business, your merchant services partner will keep the light shining on:

- Consumer trends
- Best practices
- Programs that can reduce your costs
- Enhancements to your data security



Chapter 1, continued...

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PITFALL TO AVOID

There are many Swiss army knife knock-offs in the market place. They may be portrayed as authentic in their marketing materials and even look authentic on the surface. But when you put them to the test, they often easily break or fall apart. And situations when you need a rugged and durable resource is not the time to find out you're carrying a cheap knock-off.

So how do you know whether or not you have the real deal? Put your payment processor to this simple authenticity test.

1. Has your current processor proactively reached out to you to offer guidance this year?
2. Does your current processor provide tips on how to save money on your credit card transactions?
3. Does your current processor contact you when the major card companies change rules or rates? (Note, this happens in April and October every year.)
4. Has your current processor talked to you about how to improve payment security?
5. Do you have a dedicated customer relationship manager?

A "no" answer to any of these questions could mean you're carrying an imitation Swiss army knife. It may not be as valuable a tool as you need to thrive in the new world of credit card payments.

CHAPTER 2:

Have Access to a Steady Source of Water

Humans cannot survive without water. Businesses have their own form of “water” – it’s called customers, and they cannot survive without them. So it makes sense to focus much of your attention on maintaining a nice, steady flow of customers to keep your business alive and thriving.

There’s an emerging generation of customers that has grown up entirely in the digital world. And they are not alone as other generations are rapidly adopting newer technology and methods of engagement. Digital is quicker and more convenient for customers. In other words, it is here to stay, and you need to adapt your business to that preference to keep that customer flow coming.

1. TOUCH-FREE EXPERIENCE AT POS

In the previous payment environment, customers thought nothing of touching a key pad to confirm a payment amount, enter a PIN, or a cashback request. Employees often swung the terminal around and pressed buttons for their customers without concern. In the new era, however, there is a need to maintain safe distances from others and use more hygienic payment methods at POS.

To oblige your customers, make sure your payment process does two things:

- Removes the signature requirement
- Accepts contactless payment methods



Eliminating the signature requirement

The major card companies removed the signature requirement on credit card transactions years ago as the EMV chip became the primary fraud protection technology. Even so, some merchants are still requiring a customer signature.

Given the growing customer reluctance to touch common surfaces, it is advised to eliminate the signature requirement entirely – unless of course you plan to disinfect the stylus after every transaction. Your terminals must be able to accept EMV chip cards, though. If you've not upgraded to EMV chip technology, you should do this right away – for both your customers' protection and yours.



Chapter 2, continued...

Accepting contactless payment methods

Adoption of contactless methods that comprise Near Field Communication (NFC) cards, mobile phones, and payment-enabled wearables such as watches had been steadily rising over the last decade or so.

Then the health crisis of 2020 surfaced and gave that adoption rate a tremendous upward push – so much so that it is rapidly becoming the new standard.

This is not to say that card swipes and dips will suddenly go away. But as more and more NFC cards hit the marketplace and use of mobile wallets gets proliferated, they will begin to wane. To protect the experience of all of your customers, make sure your contactless payment terminals enable traditional card methods as well.



2. MULTI-CHANNEL PURCHASING

It is wise to enable commerce and payments beyond a bricks and mortar location. Allowing customers to purchase and pay via phone, mobile, or online will increase your business's ability to thrive in all situations – particularly during a crisis.

Understandably, all businesses cannot maintain an ecommerce site for easy online engagement and purchasing. There are alternative solutions, though. A quick click option is ideal for a rapid implementation of basic online payment acceptance. While it is not linked to your inventory system, you would have the ability to display some products for purchase. For service providers that do not use an inventory system, you would have the ability to accept invoice payments through your website using this option.

Remember, at some point, other streams of customers may start to dry up, but no doubt the digital stream will continue to flow and rapidly expand. It is the future, and you must prepare your business for it.



CHAPTER 3:

Preserve Your Supply of Food

You wouldn't consider heading out for a few days in the woods without packing a good supply of food. Nor would you waste any of it by dropping it on the ground, feeding it to the squirrels, or carelessly throwing it away. Food is precious as it will sustain you and give you the energy you need to take on whatever lies ahead.

The same rule applies to businesses. Rather than things like canned goods, nuts, and nutrition bars, your energy source is revenue. You've worked hard for it, and you would not even consider wasting a single morsel. It'll sustain you and provide the resources you need for growth over time.

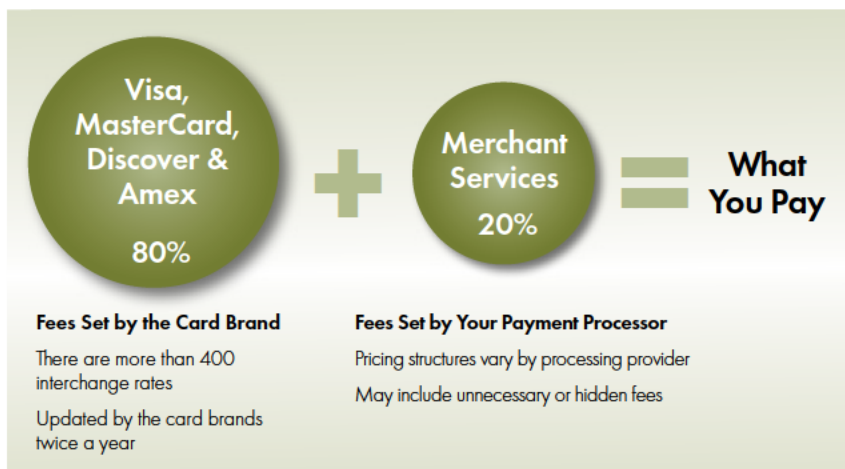
Don't Give Your Food Away to Payment Processors

In the payment wilderness, it is easy and common to waste your hard-earned revenue by overpaying for credit card processing. Often you won't even know it. It's like having a hole in the bottom of your backpack – bits of food may be dropping to the ground with every step you take.



How Fees Work

A quick explanation of how fees work will help you avoid paying too much for your credit card processing.



Chapter 3, continued...

PRICING PITFALLS TO AVOID

While you can't control all the costs associated with card processing, a nice portion is in your control – depending on your payment processor. There are many pitfalls when it comes to pricing. But if you know what to look for, you can avoid them.

1. Bundled plans almost always work to the advantage of the processor and can end up costing you more than you need to pay.

BETTER ALTERNATIVE: A merchant services partner that provides you with transparent and easy to understand pricing plans. You should always know how much the card brands are charging you, whether or not those fees are passed-through without mark-up, and specifically what the processor is charging you on top of the card brand fees.

2. Vague fees and buried costs on your invoice.

Examples include “Non-Qual Sales Disc” and “Non-compliance” fees.

BETTER ALTERNATIVE: Certification assistance from your merchant services partner to ensure you're not paying unnecessary fees. Also, it's a good idea to have your payment processing invoice analyzed by a third party to uncover any buried fees hidden in a bunch of vague language. Wind River provides that service at no cost.

3. Steady rate increases from your payment processor.

Often these costs go up in January, but they can be introduced at any time throughout the year – with or without your knowledge.

Be careful with multi-year contracts required by your processor. Often those contracts give them the right to increase your prices whenever they want.

BETTER ALTERNATIVE: A merchant services partner that does not require a contract – a partner that proactively monitors your volumes to look for ways to save you money on your processing. These may include passing additional data to qualify for lower rates by the major card companies.



CHAPTER 4:

Make Sure You Have Sturdy Shelter

Your shelter is your protection from harm in the wilderness – your safe haven in the middle of a storm. Go to sleep in a flimsy pop-up tent, and you may find yourself cold and soaking wet in the morning.

Likewise, your business, your customers, and your payment data all need protection from the elements – namely fraudsters and cyber criminals.

Small and medium businesses are considered prime targets as often they do not have the resources or the expertise to adequately protect themselves – online or onsite. You may be a small or medium business, but you definitely do not need to be an easy mark.

Fortify your shelter.

Fraud can be costly to your business and your reputation. With that in mind, you'll want to strengthen your security.

HERE ARE A FEW STRENGTHENING TIPS:

1. Upgrade your terminals to accept EMV: Chip card technology for card-present transactions has created a rock-solid shelter for card data at POS. Cloud EMV takes security even further by sending card information directly to the cloud for both card present and card-not-present transactions.

2. Use an encrypted key pad for keying in card information:

Credit card information is encrypted immediately upon entering the key pad. This essentially puts a padlock on the door to your data so that even if a breach were to occur, only encrypted information would be stolen.

3. Point-to-point encryption: Also known as P2PE, this solution encrypts data at the point it enters your system and cannot be decrypted until it arrives safely at the decryption environment of your processor.

4. Install reCaptcha: This is Google's free solution for your ecommerce site. Adding reCaptcha will help distinguish human activity from automated machine activity, which often is fraudulent.

5. Tokenization: Storing credit card information for recurring or repeat transactions on your ecommerce site is ultra-convenient for customers but housing card numbers leaves you vulnerable to a breach. Tokenization makes sure those numbers are encrypted and masked on your site.

6. Shopping cart security: If you have an ecommerce site, you need to ensure the shopping cart secures the sensitive card data of your customers. There are solutions available that your merchant services partner should be able to provide.

7. Keep all software up to date: Bug fixes and patches are issued pretty regularly. Keeping your software current will prevent holes from forming in your tent.



CHAPTER 5:

Survival Summary

Payments are essential to your business. The payment world had already begun to evolve over the last several years, but the 2020 pandemic accelerated a widespread metamorphosis. This change expanded payment channels and methods and affected customer engagement preferences. Some may be temporary, but the majority of changes are likely here to stay. This has left many businesses in a wilderness of uncertainty on how to proceed. One thing is for sure, they must adapt or fall behind.

What you need to adapt.

Your survival gear must include these four essentials:

1. AUTHENTIC SWISS ARMY KNIFE:

A true merchant services partner – not just a payment processor

Multi-functioning merchant services partner that will:

- Provide direction to you based on where you are in your business
- Proactively keep you informed on key trends and changes that may affect you
- Be there for you whenever you have questions or need assistance
- Have the ability to quickly enable different payment channels and functions as needed
- Deliver clear, easy to understanding pricing structures

2. SOURCE OF WATER:

Your customers

Accommodating the preferences of current and future generations to maintain a steady stream of customers into your business:

- Embrace digital channels
- Expand payment methods
- Enable a touchless experience at POS

3. SOURCE OF FOOD:

Revenue

Saving revenue to fuel your business rather than the business of a payment processor:

- Avoid overpaying with bundled plans
- Eliminate unnecessary monthly fees
- Monitor invoices for rate increases

4. STURDY SHELTER:

Security measures to protect against data breaches and fraud

Protecting your business and your reputation:

- Upgrade your terminals
- Use encryption and tokenization
- Install online anti-fraud tools



ABOUT WIND RIVER FINANCIAL

Headquartered in Madison, Wisconsin, Wind River has been in the payments business for over 20 years. Our partnership approach, focus on service, and our ingenuity at tailoring cost-effective payment solutions for our customers separate us from other payment companies in the industry.

Whether we are tailoring an existing payment environment or developing a future environment, Wind River brings these key relationship attributes to our customers:

1. WE LISTEN

A common approach in the industry is to attempt to squeeze customer needs into the mold of a given solution. Our philosophy is the opposite. We believe the solution should leverage the best capabilities available and be molded to meet the needs of the customer.

2. WE UNDERSTAND

Once we have collaborated with stakeholders, the picture of the optimal payment solution comes into focus.

3. WE ACT

We believe in taking action – swiftly and thoroughly. A dedicated relationship manager stands at the ready and will respond quickly to answer customer questions, address needs, or resolve any issues.

We act proactively as well by monitoring our customers' individual environments to ensure they continue to operate as efficiently, securely, and cost-effectively as possible.

4. WE ANTICIPATE

Anticipation is forward-looking. It is our job to look ahead to identify what our customers will need to address any emerging security threats, implement cost efficiencies, or enhance the payment experience of the user.

We believe our industry-leading customer retention of over 90% is the direct result of taking this partnership approach.

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