How to WIN Selling Merchant Services

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Best Practices selling Merchant Services to existing and new ATM customers

Agenda:

- Why Sell Merchant Services

- How to expand your ATM Offering to include Merchant Services

- Impact of EMV on Merchant Processing

- How do Merchants Decide

- How to WIN selling Tech

- How to WIN on Price

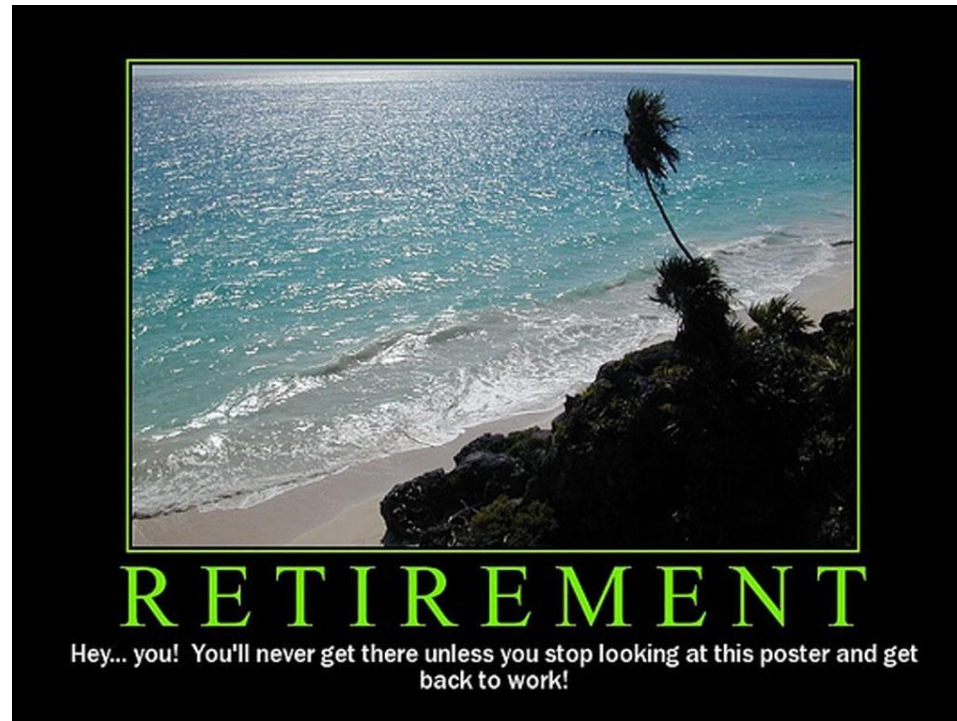- How to WIN leveraging ATM Relationships

Why Sell Merchant Services

#1 RETIREMENT

BUILDING A PAYMENTS PORTFOLIO IS EASIER THAN YOU THINK

Source: iPayHere.com

#2 DIVERSIFY

MONETIZING PAYMENTS DIVERSIFIES YOUR INCOME

Source: iPayHere.com

#3 BECOME STICKY

RETAIN ATM CUSTOMERS LONGER

Source: iPayHere.com
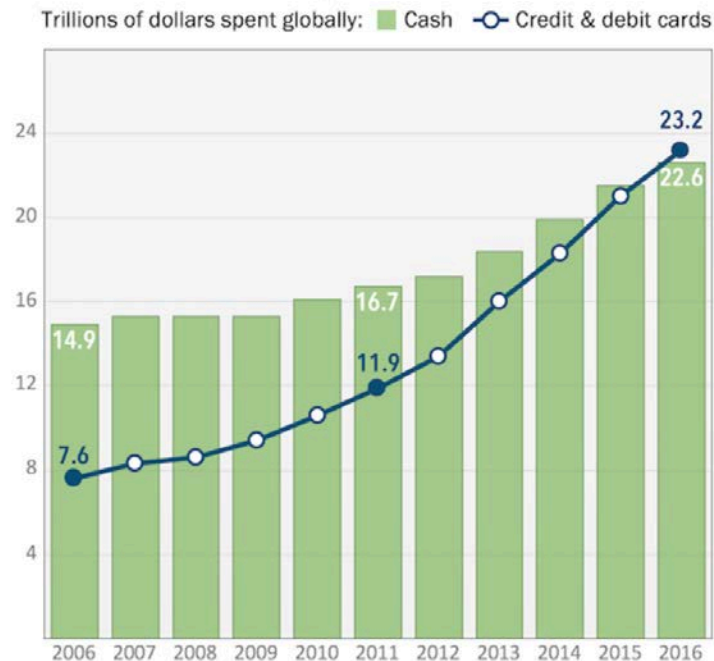
#4 CAPITILIZE ON TRENDS

CARDS SURPASS CASH– TREND EXPECTED TO CONTINUE

Plastic finally overtakes cash

Trillions of dollars spent globally: ■ Cash —O— Credit & debit cards

- 23.2
- 22.6
- 14.9
- 16.7
- 11.9
- 7.6

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

Source: Euromonitor International, September 2016   **CreditCards.com**

Source: iPayHere.com

Why Sell Merchant Services

Avg ATM Revenue

Surcharge $2.50 to $3.50 Per Transaction

Average Rev Share & Cost of Services $2.00 to $2.50

Average Rev Per Transaction

$.50 to $1.00 x 300

Avg Net = $150 to $300 Per Location Per Month

Avg Payments Revenue

Processing Volume $50,000 per Month

Average Agent/ISO Discount Rev .30% to .50%

Average Rev Per Month

$150 to $250 Per Location x Rev Share 60%

Avg Net = $90 to $150 Per Location Per Month

Source: iPayHere.com

How do I offer Merchant Services?

How to get started with Merchant Services

Options for becoming a Merchant Services Agent, ISO, Payment Facilitator or Processor

	Agent	ISO or Sub ISO	PayFac or PSP	Processor
Pros:	• No Investment • Low Risk • Training & Support • Some Ownership • No Monthly Minimums	• Minimal IT Investment • Minimal Risk • Increased Ownership • Increased Rev Share • Branding is possible	• Control of Ownership • Control Rev Share • Control Signup • Branding	• Various Revenue Models • Complete Control • Branding
Cons:	• Revenue Sharing • Co-Branding	• Aprox $10k Registration • Limited Training\Support • Provide Some Support • Volume Requirements	• Aprox $10k Registration • Siginficant IT Investment • Increased Risk • Provide Full Support	• Large Registration Investment • Significant IT Investment • Limited Ownership • Must Provide Support • Significant Risk • Rev Share Expense

Source: iPayHere.com

Impact of EMV on Merchant Processing

"Smart Cards" help reduce fraud but are not the key to stopping all fraud. Basically, fraud types will shift and fraudsters will improve their fraud techniques.

Key Dates

POS Systems
Oct 1, 2015

ATM
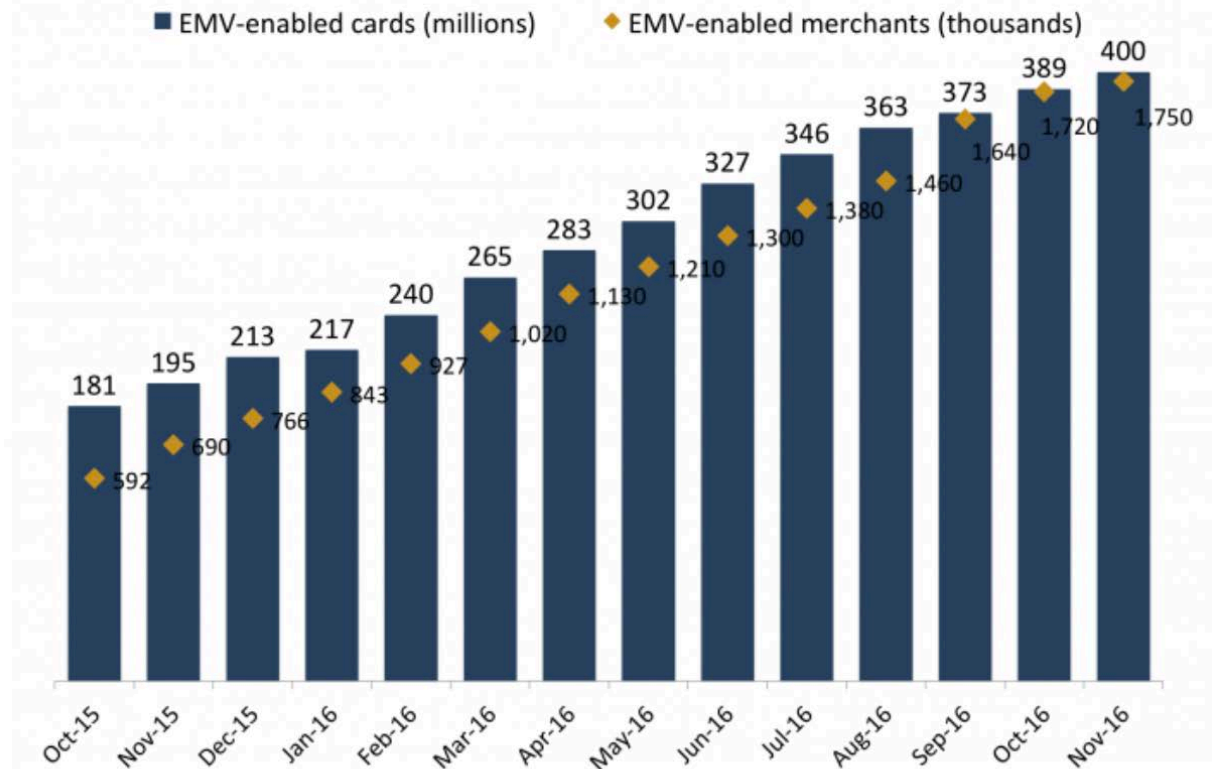MasterCard - Oct 2016
Visa – Oct 2017

AFD
MasterCard Oct 2020
Visa – Oct 2020

Merchant adoption continues to rise, though it's slowing — 1.75 million Visa merchants now accept chip cards

Visa EMV Penetration

- ■ EMV-enabled cards (millions)
- ◆ EMV-enabled merchants (thousands)

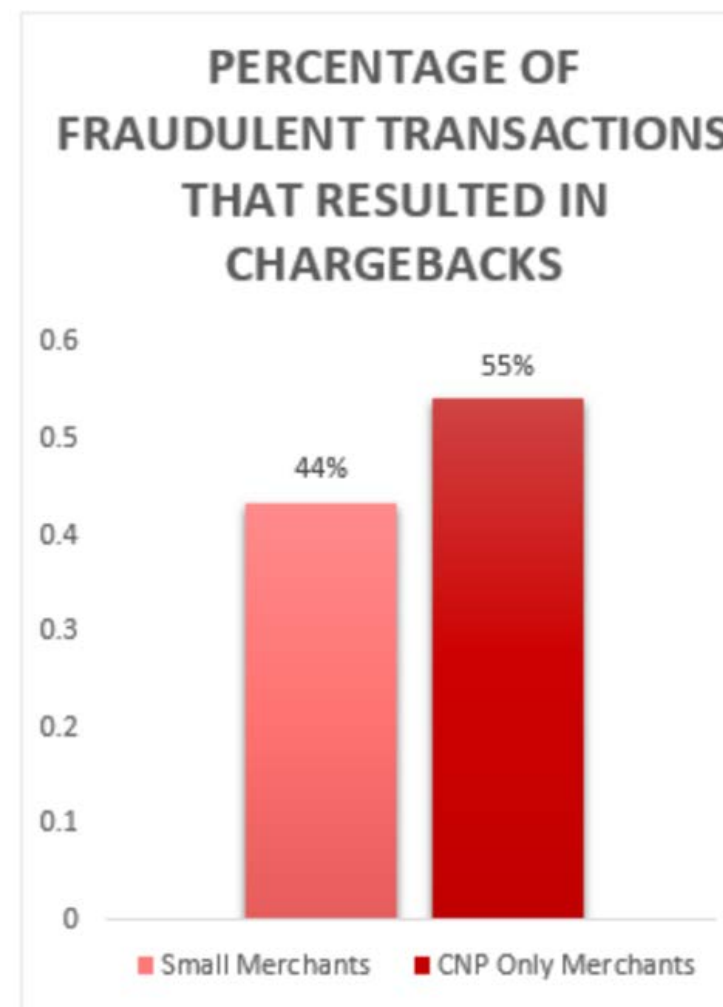| Month	EMV-enabled cards (millions)	EMV-enabled merchants (thousands)
Oct-15	181	592
Nov-15	195	690
Dec-15	213	766
Jan-16	217	843
Feb-16	240	927
Mar-16	265	1,020
Apr-16	283	1,130
May-16	302	1,210
Jun-16	327	1,300
Jul-16	346	1,380
Aug-16	363	1,460
Sep-16	373	1,640
Oct-16	389	1,720
Nov-16	400	1,750

Source: Company filings

BI INTELLIGENCE

Impact of EMV on Merchant Processing

Merchants who have not yet upgraded are seeing significant losses.

- Even with some merchants absorbing 100% of Fraud Losses, many small merchants are taking a wait-and-see approach on enabling chip card transactions.

- As of the end of 2016 Only 38% of US storefronts support EMV

- Fraudsters are rapidly shifting their focus to online businesses and platforms, targeting card not present transactions and monetizing stolen identity and financial information

Source: KrebsonSecurity.com, Chargebacks 911

PERCENTAGE OF FRAUDULENT TRANSACTIONS THAT RESULTED IN CHARGEBACKS

Small Merchants: 44%
CNP Only Merchants: 55%

Impact of EMV on Merchant Processing

AFD Deadline delayed to Oct, 2020 – With more than 120k gas stations in the U.S, Businesses would almost certainly have failed to convert the majority of gas pumps in time for the planned liability shift on October 1, 2017.

- With many of the country's 425k ATMs located at gas stations, forcing retailers to update their automated fuel dispensers *and* their ATMs by October would have made an already unmanageable situation worse.

- Between Q1 2015 and Q1 2016, online fraud attacks increased by 215%. The iovation/Aite Group study's estimate of $10 billion in fraud coming in the next three years.

CNP FRAUD UP 137%

Source: KrebsonSecurity.com, Chargebacks 911

How do Merchants Decide?

Merchants Decide by asking themselves three questions

Technology
Does the Technology Solve My Problem(s) and help me grow?

Price
Do I understand the price and Is it a fair price relative to competing services?

Relationship
Do I like the person or company I am dealing with?

POWERED BY
iPay
Here

Payments technology
that helps you win on
value and price

New POS Technology helps Merchants in Multiple Ways

Now is a great time to offer new EMV Ready Point of Sale Solutions

Point of Sale Solutions

Get paid. Run you business. Sell more.

Clover Station — Our most powerful countertop POS with pivoting touchscreen and stunning looks.

Clover Mini — Accept swipe, EMV chip, and NFC payments (like Apple Pay) right out of the box.

Clover Mobile — The portable, powerful POS that fits in the palm of your hand.

Clover Go — Your go-to, smartphone-ready system for secure credit card swipes and dips.

POWERED BY
iPay Here

WIN More Business by Leveraging New POS Technology

**App Store Point of Sale Systems like Clover help Merchants
Manage and Grow Their Business**

CLOVER APPS HELP YOU GROW

Build an online store, incentivize customers, offer gift cards, create rewards programs, and that's just Monday!
With the Clover App Store there are hundreds of ways to grow and manage your business.

Rewards
by Perka Inc.

Send rewards directly to your customers' mobile phone to create lasting relationships and build loyalty.

Table
by Clover

Manage tables, servers, and orders grouped by guest and more.

Promo
by Perka, Inc

Clover Promos is the easiest way to build up your customer database and mailing list.

Gift Cards
by Gyft

The ultimate gift card solution for your business.

Order Kiosk
by Abreeze Technology

Customers use Kiosk to place orders & pay!

Food on a Truck
by Tursus Software

Location & Schedule Management, Social Media Automation, and Sales Dashboard with reporting by location.

Bar Tab Auths
by Clover

Pre auth cards for certain amounts.

Source: iPayHere.com

WIN More Business by Leveraging new Online Technology

eCommerce Merchants who adopt 3DS with their checkout process benefit from transactions treated as cardholder-present transactions with much less risk of repudiation.

Banks shift the liability from issuers and Merchants to Customers
Visa's claims that use of 3DS addresses' 73% of merchant chargebacks
.

eCommerce Opportunity

Source: Whitepaper – University of Cambridge, UK. Steven J. Murdoch and Ross Anderson

WIN More Business by Leveraging new Online Technology

Specialized Gateways provide unique capabilities tailored to specific verticals
.

How to WIN on Price

Win more business by Simplifying Signup and Simplifying Price

Become an Expert by Focusing on a Few Verticals

Know Your Interchange

Visa and MasterCard offer reduced Interchange expense for the following Payment Types or Verticals

- Debit Cards – Regulated = 38% of cards
- Charities – Non Profits
- Retail - Card Present
- Public Services & Government
- Service Industries
- Recurring \ Subscriptions
- Real Estate
- Utilities

Source: www.iPayHere.com

Win more business by Simplifying Signup and Simplifying Price

Online Signup should be Easy

- Use simple Signup Web forms
- Send the App to your client via email.
- Email Link verifies Identity then Client Signs via Click to Agreeat

In Person Signup should be Easy

- Board Client Online
- Client signs on Tablet with no additional KYC Questions

Differentiate by Demystifying Price

Source: www.iPayHere.com

How to WIN leveraging ATM Relationships

Win more business by building on ATM Relationships

Cross Selling Merchants Services to ATM Clients is as easy as 1, 2, 3

Cross Selling Suggestions That work - Ask Your Customers:

1. "Did you know, in addition to ATM Services we now offer Merchant Services?"
   - "In Fact, Since you already use our ATMs we can offer you a discount on your Merchant Services, Do you know what you are paying today?"

Source: www.iPayHere.com

Win more business by building on ATM Relationships

Cross Selling Merchants Services to ATM Clients is as easy as 1 , 2, 3

Cross Selling Suggestions That work - Ask Your Customers:

2. "I noticed your POS Terminal is not EMV compliant or a little out of Date, in addition to ATMs we also offer Merchant Services. Would you be interested in a new terminal or Point of Sale system that could help you Grow your business and protect against chargeback fraud?"

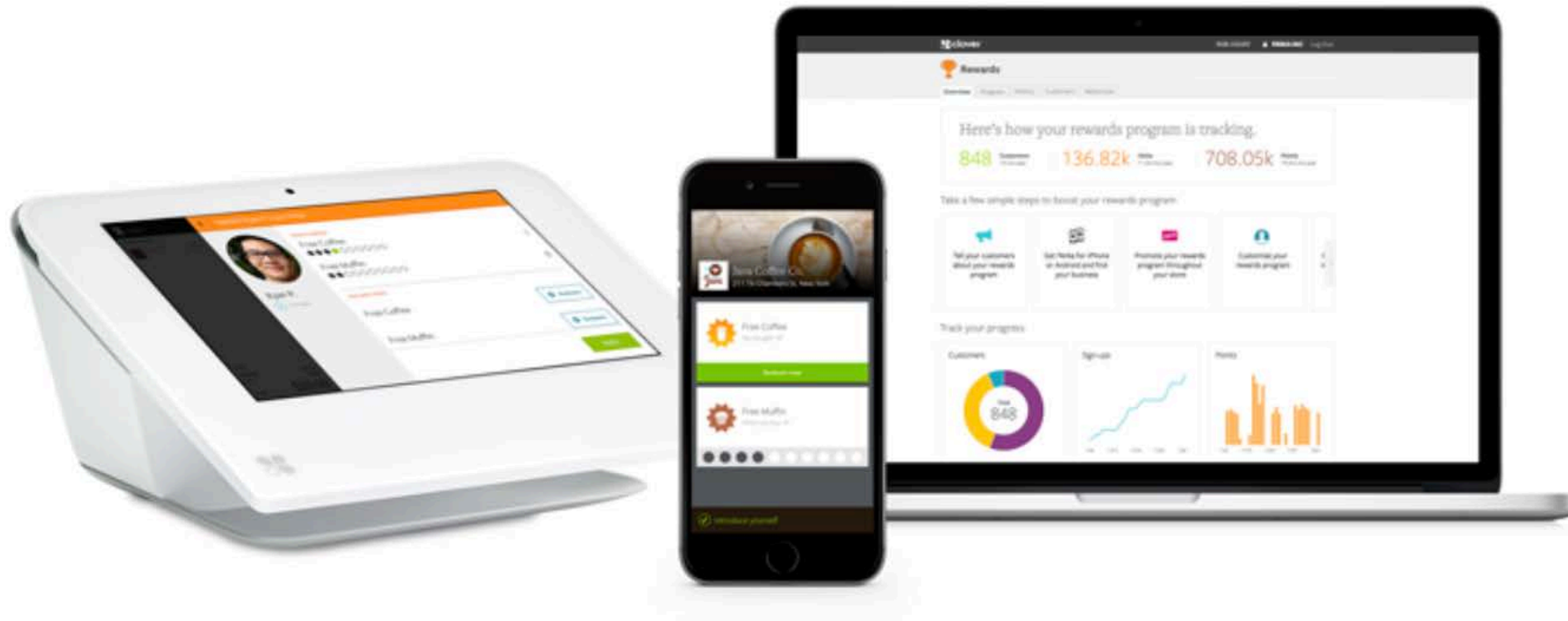   • "Are you familiar with Clover? Its sold at leading Banks and we can offer it for Less"

Source: www.iPayHere.com

Win more business by building on ATM Relationships

Clover Perka Rewards - Free Loyalty Program – included with Clover

Clover Rewards gives you everything you need to run your own Rewards Program

Win more business by building on ATM Relationships

Cross Selling Merchants Services to ATM Clients is as easy as 1 , 2, 3

Cross Selling Suggestions That work - Ask Your Customers:

3. "I noticed you were not offering a loyalty program on your terminal

   • As your ATM provider we can also provide Merchant Services at a discount and with Clover it comes with the Clover Perka Loyalty program to help you grow your business.

   • Perka is also a Mobile App that provides your customers with an electronic punch card. You can create customer promotions to encourage repeat visits.
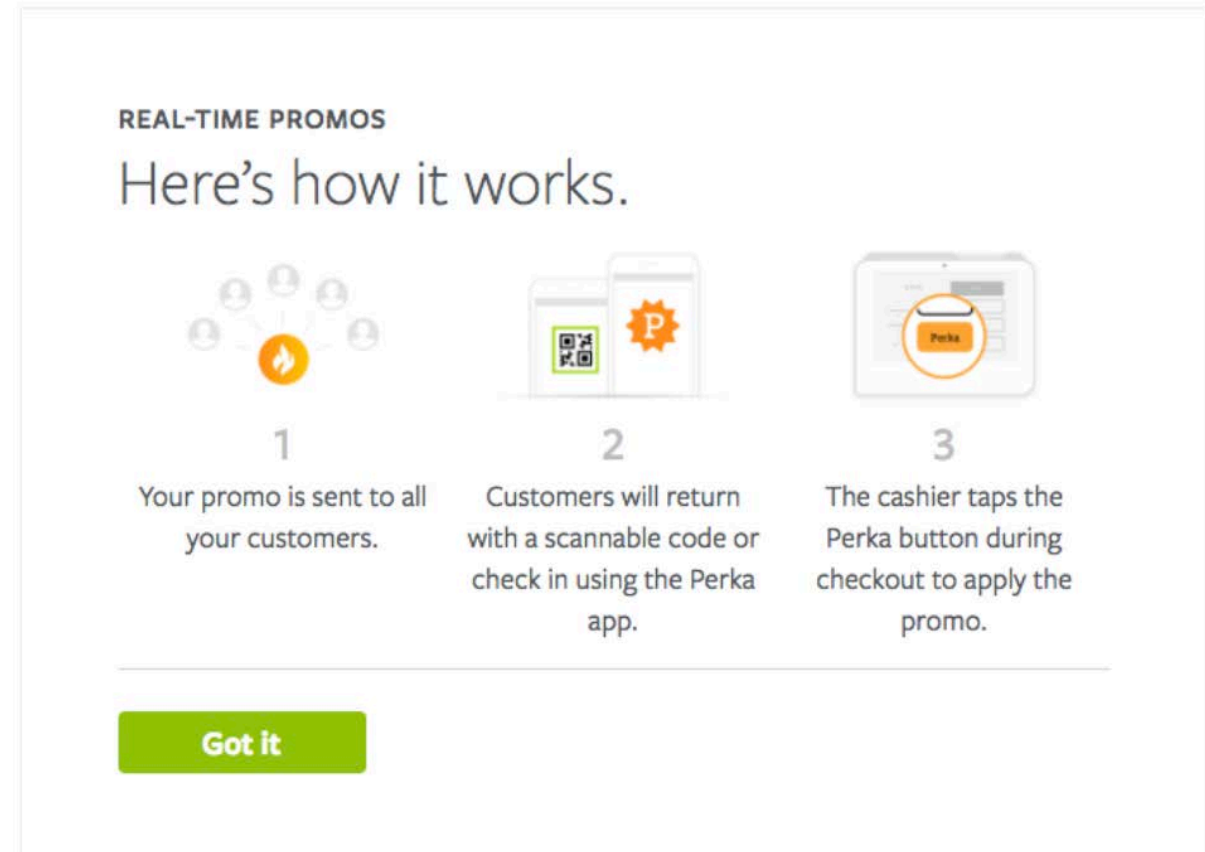
Source: www.iPayHere.com

Win more business by building on ATM Relationships

Clover Promos works with Clover Perka Rewards to help you connect with Customers

- Once you have built your customer list, you have the ability to send Promos directly to your customers.

- Log in to promos.clover.com to create your promo and send it out through email, text message, and social media

REAL-TIME PROMOS

Here's how it works.

1
Your promo is sent to all your customers.

2
Customers will return with a scannable code or check in using the Perka app.

3
The cashier taps the Perka button during checkout to apply the promo.

Got it

Source: www.iPayHere.com

Win more business by building on ATM Relationships

Clover Promos works with Clover Perka Rewards to help you connect with Customers

- Create Custom Promos that are Time Date Offers to maximize traffic when needed.

CREATE A PROMO
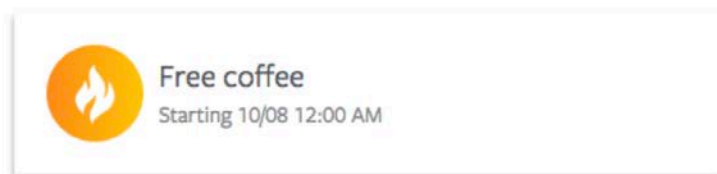## Keep those customers coming back.

| Free ▼ | coffee | 44 |

Limit: 1 per customer
Add restrictions...

When should it run?

Start 10/8/16 at 12:00am

End 10/9/16 at 11:59pm All day

Free coffee
Starting 10/08 12:00 AM

- Select how you want to Share your Promos, via email campaigns, text messages, Twitter and Facebook.
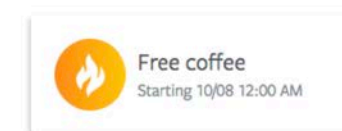
OFFER A PROMO
Share your promo.

📱 Mobile phones Perka app or text message	✓
✉️ Email	✓
f Facebook Authorize to post from your account	☐
🐦 Twitter Authorize to tweet from your account	☐

Free coffee
Starting 10/08 12:00 AM

Source: www.iPayHere.com

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Recap – How To Win Selling Merchant Services

- **Why Sell Merchant Services?** = Retirement Money & Retire Sooner

- **Getting Started is Easy** = Agent, ISO or Sub ISO

- **How do Merchants Decide?** = Technology
  = Price
  = Relationships