



Digital and financial empowerment

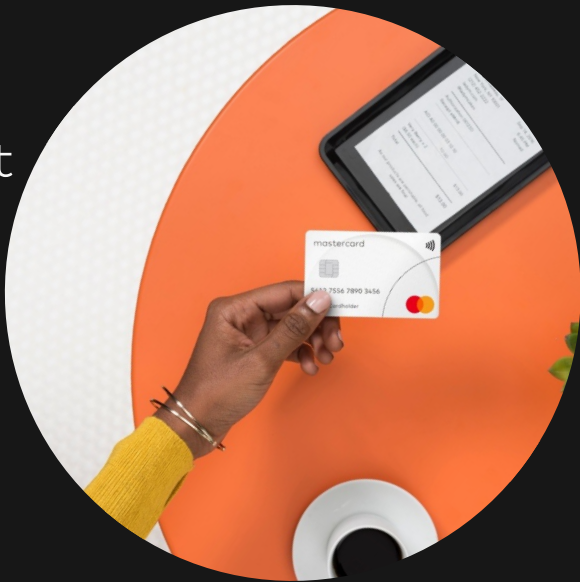
Brought to you by Mastercard
Digital Doors®



Is **NOT** a Credit Card Company.

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an **inclusive digital economy** that benefits everyone, everywhere by making transactions safe, simple, smart and accessible.

We reshape the digital economy so everyone — **individuals, financial institutions, governments** and businesses — can realize their ambitions.



What does “Financial Empowerment” mean to you?

- **Empowerment** itself is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions
- **Financial** empowerment, therefore, is the transfer of power over one's personal finances (financial independence)
- *When once feels **financially empowered**, you feel control of your own financial situation. When you feel this kind of empowerment, you feel that you control your financial situation, and not the other way around*



Why taking care of your personal finances is important for business owners

- Until you can **establish credit** in the business' name, your personal credit score & history will drive your ability to borrow for your business
- You should **reinvest** profits back into your business – but not at the expense of paying yourself or planning for retirement
- You'll want to have at least six months of income in **savings**, for volatile sales cycles, the loss of a major client/customer, or emergencies

When your personal finances are in order, you can focus on your business



Key components in financial empowerment



- Access to financial products
 - Bank Accounts
 - Card Products
 - Prepaid
 - Debit
 - Credit
- Secured and Unsecured Credit (excl. credit cards)
 - Loans
 - Lines of credit
- Budgeting and Saving
- Credit History and Scoring



How do you create and maintain healthy financial habits for your business?

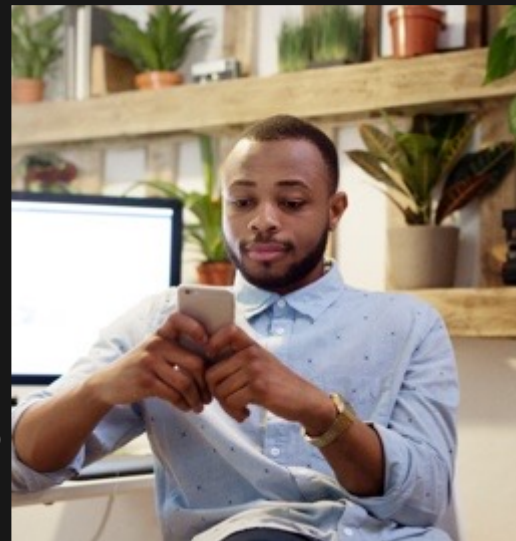
- **Separate** personal and business finances
 - Your personal credit history and/or debt can impact access to business loans, lines of credit, and insurance rates
- Consider establishing a **business checking account**
- Maintain separate records for **personal** and **business** needs
 - Records are necessary at tax time
- Create a **budget** and document what goes in or out of the business



Emergencies are unexpected, but there are benefits to planning ahead

As a business owner, you can:

- Understand your **core business** and **core customers**
 - Identify sales cycles, and the risks associated with losing a major client, to calculate the cash you would need to make it through a disruption
- Build a **financial cushion**
 - Calculate your operating costs for six months and make it a goal to have that amount as reserve in savings
 - If six months feels unmanageable to begin, start with one month
- Keep up-to-date **financial records**
 - To apply for assistance, you need detailed records to support your financial claims
- Secure **access to cash** you can use in emergencies
 - A credit card or a line of credit that can bridge the financial gap during an emergency





Digital Enablement and Electronic Payments

Why having a digital presence is important

- In 2020, over **80% of consumers** shopped online globally
- At the end of 2021, 79% of U.S. consumers reported shopping on their **smart phone**. Sixty-eight percent report an increase in their usage over the past two years (before covid)
- **Eighty percent** of customers will check out a business online before visiting it. But 37% of small businesses don't have a website



Global: online shoppers worldwide 2020 | Statista

Mobile Shopping – Insights (klarna.com)

How to Find Businesses That Don't Have Websites? (localbiznetwork.com)



Once your business is online, you'll need to accept Electronic Payments

More than three-quarters of Americans also use some form of digital payment, in addition to payment cards, which McKinsey defined as any of the following: browser-based and in-app online purchases, in-store checkout using a mobile phone and/or QR code, and person-to-person payments.

Technology is changing the way we use our money

Connected People



56% of the world population

Digital Payments



Continue outpacing cash transactions

Shop in Store



Estimate of connected devices
50 billion by 2030

Shop at Home



As a business owner, now more than ever, it's important to understand the benefits of Electronic Payments...

- Increase revenue
- Enable new sales channels
- Increase sales, as customers spend more when using payment cards
- Offer your customers a better purchase experience
- Make transactions efficient and more secure

- Provide consumers with the convenience to pay with whatever form of payment they choose, in person, over the phone, online, etc.
- Improve operational efficiency
- Help you keep cash flow
- Electronic Payments provide you with immediate, accurate and transparent accounting

and since covid-19 ...

- Adapt to current customer needs: i.e., online sales, contactless, recurring payments, etc.
- Receive subsidies and stimulus benefits electronically
- Build and access lines of credit to grow your business



The value of Electronic Payments to you

Offer more value and allow startups and small businesses to compete with large and established businesses.

Accepting payment cards impact your business in three ways:

- Brand & Marketing
- Customer Service
- Financial Health



The impact on your business

Brand & Marketing

- When potential customers see you accept payment cards, it immediately sends the message that you are an established and legitimate business
- Mainstream financial practices
- Provides convenience to customers, allowing them to pay with whatever form of payment they choose, in person, over the phone, online, etc.

Customer Service

- Your greatest strength is the quality of your products and services and the personal relationships you build with customers. Electronic Payments give you more time and energy to focus on your growth, success and life outside of work.
- More time and energy to focus on relationships

Financial Health

Big businesses have cash flow and back offices full of accountants and administrators, but you do everything while worrying about the bottom line. Here's how Electronic Payments help you:

- Make larger purchases
- Guaranteed payment
- Better cash flow
- Enable recurring payments
- Automatic accounting and record keeping



Payment cards continue to be a preferred way to pay

But not all cards are credit cards!

Prepaid

Your own money loaded
into a payment card



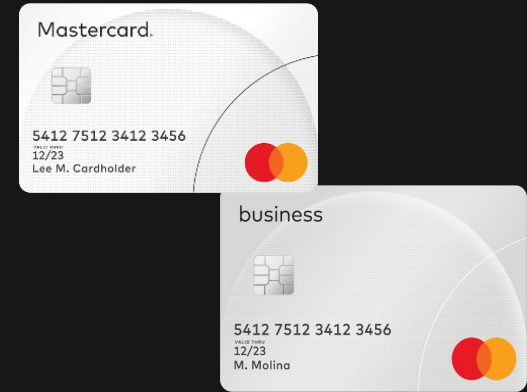
Debit

Your own money in
a bank account



Credit

You borrow money from the
bank that issued your card





Taking the first steps to accept Electronic Payments

Different kinds of Processors

Acquiring Banks

- Brand names you and consumers recognize, including local banks
- Some have in-house payment processing and others may outsource to third-party processors
- Existing services and broad banking relationships can be valuable to small businesses

Independent Sales Organizations

- Specialized in soliciting smaller business accounts, then contract with TPPs and acquiring banks to provide actual processing services
- Costs may be higher because they have to pay a transaction fee to acquiring bank or TTP

Third Party Processors (TPP)

- Focus primarily on larger merchants
- Directly provide a full range of services to merchants
- Function exclusively in a business-to-business environment between businesses and acquiring banks

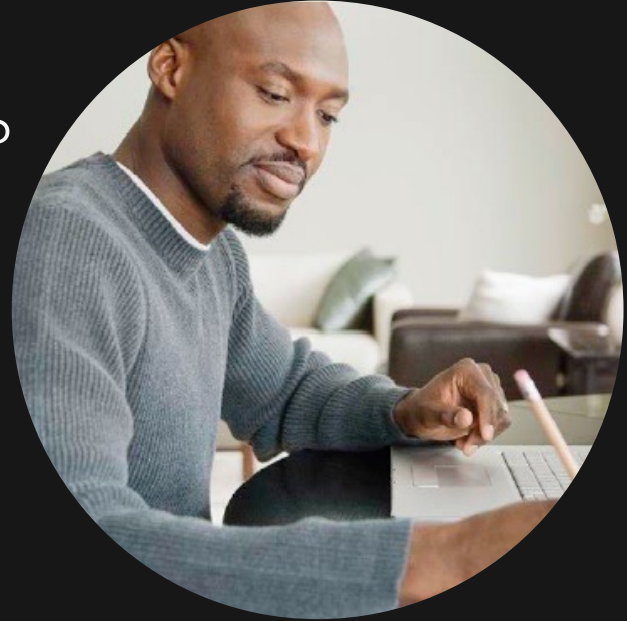
Internet Payment Service Providers

- Solicit and service electronic business for TPPs and acquiring banks
- Specialize in small to medium internet-based businesses
- Costs may be higher due to specialized services, TPP fees and acquiring bank fees



How to prepare before selecting a Processor

- What do you sell, to whom and how?
- Is it face to face? Do you have a store?
- Average transaction size
- Monthly volume
- Business history, sales process and model



Find a Processing Partner

- Get started with a bank, payment processor or payment app
- Your local bank who takes care of your business account is a great place to start for card processing services
- Ask friends and associates with similar businesses for recommendations
- Business groups or associations may provide reliable suggestions



5 sets of questions to ask yourself before signing a contract, or to consider about your current contract

Who? Understand the partner relationship:

- Who are they?
 - Do they outsource their processing?
 - What is their reputation?
 - Who will be your contact person?
-

Fees? Understand the contract and how fees are calculated:

- What is the term?
- Can pricing change? How?
- Do you have an "interchange +", tiered or blended rate structure?
- Is there are the monthly and annual fee?
- Is the price appropriate for my business?

Tech? What type of hardware and technology you need:

- How much will the equipment cost?
 - Can I buy or lease/rent the same equipment from a 3rd party?
 - Is it appropriate for my business?
 - What other products are needed?
-

Flex? What happens if you want to switch processors as your business grows and evolves:

- Are there penalties for early termination?
 - Can I re-negotiate my fees when I grow?
 - What if I need new technology?
-

Help? Level of support you will have:

- Is there a relationship manager?
- What happens when my system is down?
- What do I do when I get a customer dispute?
- Is there web support?



Additional questions

- Startup time
- Equipment sales and support
- Required documentation
- Risk assessment & focus
- Point of contact
- Support in fighting chargebacks
- Time for funds to settle
- Sponsoring bank
- PCI* DSS* program and support



*PCI - Payment Card Industry

*DSS - Data Security Standards



Additional recommendations when selecting a Processor

Look for:

- Professionalism and knowledge
- Background, leadership and market exposure
- Phone manners/etiquette
- Time spent and quality of responses
- No “used-car sales” routine
- Marketing materials
- Statements and breakdown explanation
- Reserves and money holdbacks

Be aware of:

- Processing companies with high set-up and start fees
- A processor who tries to avoid giving you quotes in writing
- Hidden or conditional fees that can appear minuscule or harmless but can hurt you in the end
- Misleading advertisement which can lead merchants into signing agreements that are harmful



Get the best deal for your business. Negotiate!

Make sure you ask questions to find out as much as you can about a processor before you decide, or if you want to explore re-negotiating or ending your current contact*

Compare

- How services are priced
- Get multiple bids from a variety of processors
- Avoid non-disclosure clauses in order to compare bids
- Reduce extra fees—many come from processors, not from networks

Respect and working relationship

- Look at reserves and holdbacks
- How do they handle chargebacks?
- Understand your track record and face-to-face card transactions

Save money

- Don't pay extra fees
- Look at penalties
- Read the "fine print"

Consider timelines

- The longer the contract, the lower the rate should be
- Determine payment timing
- Use exclusivity as leverage

* Modifying or ending an existing contract will depend on the terms you initially signed for





Get Digital through Digital Doors
www.mastercard.us/digitaldoors

Digital Doors

Now more than ever, having a digital presence is critical. Along with our partners, Mastercard is working to get you online, protect your business, and ensure you have the right tools to digitally transform

1. Understand how digitally ready your business is, and get expert recommendations
2. Get the digital skills you need to be successful in the new normal
3. Move your storefronts online through our e-commerce partners
4. Learn how to accept digital payments
5. Protect your business through Mastercard's cyber strong bundle



What is Digital Doors?

Mastercard's Digital Doors program provides access to e-commerce capabilities, products, and resources to empower small businesses to thrive online



Digital Readiness Diagnostic: Free questionnaire to help small businesses assess their digital readiness across six key strategic pillars



Educational Resources: Curriculum, in-person training, webinars, train-the-trainer sessions, and educational content delivered through our website



Mastercard and partner solutions: Products, services, and access to tools that help small businesses get digital



Digital Readiness Diagnostic Report

- 1 General Strategy
- 2 Manage the Business
- 3 Growth / Marketing
- 4 Accept Payments
- 5 Outbound Payments
- 6 Security

You're on your way to making your business digitally ready!

As a small business owner, it is normal to want to reach more customers. Standing at an intersection with a cardboard sign may have worked in the 1980s, but in this age, the Internet is the new market.

Aside from potentially attracting more customers, going digital allows your business to become a bigger part of your customers' lives. Previously, having only a physical business location was the norm. Now, with mega companies offering a seamless online and multi-channel experience, customers are starting to expect the same from all businesses, even small businesses like yours.

The report below will help you understand where your organization is on its digital journey, or where your current systems and processes are holding you back.



Your Overall Score

Check out the following sections that provide more insights about how your business scores across the different dimensions for digital readiness:

Digitalization Domain	Insights
General Strategy	<div><div>40%</div><div>Benchmark: 80%</div></div> <p>As you start and continue on your digital journey, there are a few key areas to focus on: Business Management, Growth, Payments and Cybersecurity</p>
Manage the Business	<div><div>50%</div><div>Benchmark: 75%</div></div> <p>Here are some resources available to Mastercard cardholders that can help you on your journey to digitalize your business operations:</p> <ul style="list-style-type: none">Digital Invoicing solution to better manage cash flow and accounting activitiesProductivity ToolsCustomer Relationship Management Tools
Growth / Marketing	<div><div>41%</div><div>Benchmark: 65%</div></div> <p>You can access discounts on resources to help you set up an online presence for selling your product or service in a few clicks here.</p> <p>Here are some resources to help you to stay up to date on Digital marketing best practices from business experts</p>

Disclaimer

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Digitalization Domain	Insights
Accept Payments	<div><div>45%</div><div>Benchmark: 64%</div></div> <p>You can start accepting a variety of digital payments today, by connecting with a suitable acquirer here.</p> <p>Here are also some resources to help you understand more about how to optimize digital payment acceptance by offering Contactless capabilities</p>
Outbound Payments	<div><div>88%</div><div>Benchmark: 75%</div></div> <p>Great job - You are above the best practices benchmark when it comes to digitally paying your vendors, suppliers, employees, and more!</p>
Security	<div><div>38%</div><div>Benchmark: 88%</div></div> <p>Here are some free resources to help you learn more about common threats facing small businesses, conduct a cybersecurity vulnerability assessment as well as access tools for protecting and managing your identity online.</p>

Here's a link to find a small business Mastercard that's right for you to access even more benefits: [Find a card now](#)

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Let's Get Digital – Set Up Shop Online

- Create a basic website if you don't have one
- Look at your website and define your vision
 - What is the primary objective of your website?
 - Do you want to inform, sell, build a mailing list, schedule appointments, etc.?
- Check out the competition
 - Identify things your site is doing well and the areas where it could improve
- Engage your customers
 - Customer reviews
 - Videos
- Claim your space
 - Leverage tools to grow your business in the digital space

