



Digital and financial empowerment

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Digital Doors[®] and Strive USA

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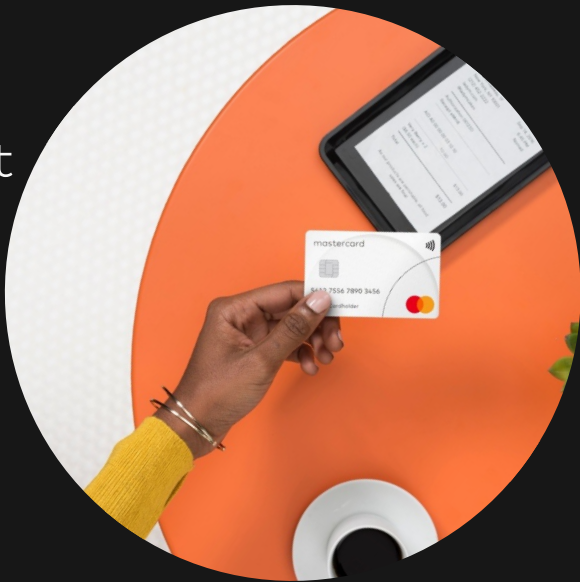




Is **NOT** a Credit Card Company.

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 you feel **financially empowered**, you control your own financial situation, 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?

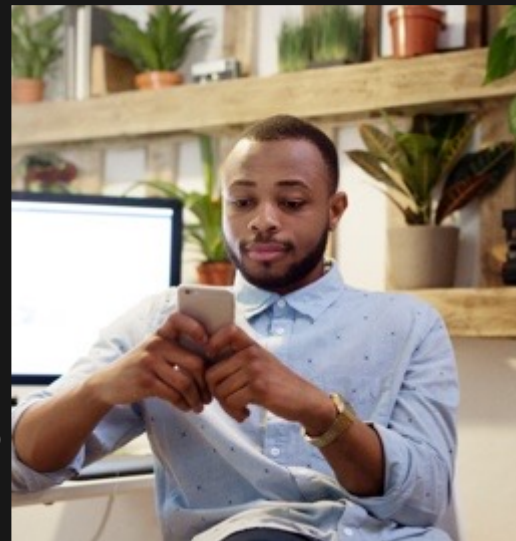
- **Separate** personal and business finances
 - Your personal credit history and/or debt can impact access to business loans, lines of credit, and insurance rates
- Consider establishing a **business checking account**
- Maintain separate records for **personal** and **business** needs
 - Records are 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 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**. **68%** report an increase in their usage over the past two years (before covid)
- **80%** of customers will check out a business online before visiting it. But **36%** 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

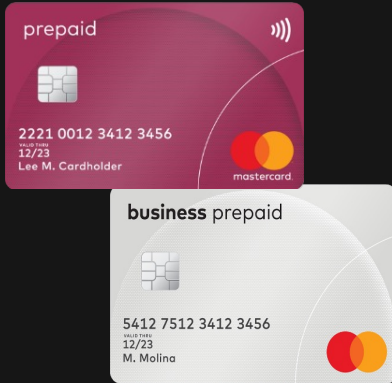


Payment cards continue to be a preferred way to pay

But not all cards are credit cards!

Prepaid

Your own money loaded
into a payment card



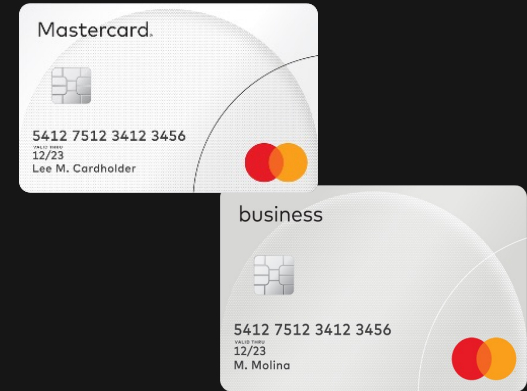
Debit

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

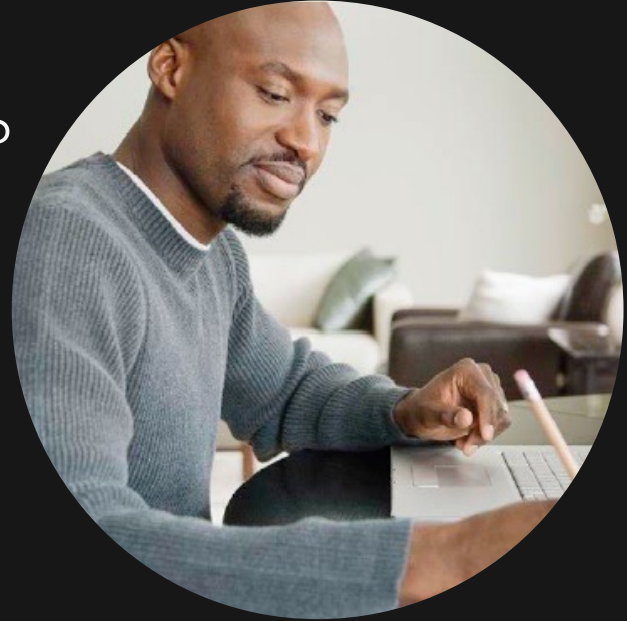
Internet Payment Service Providers

- 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

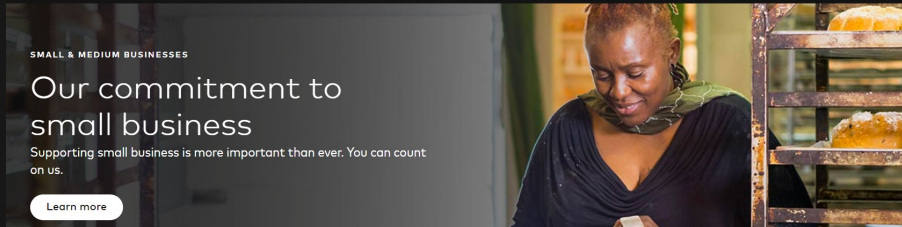


Additional resources

Mastercard Small Business



Mastercard for you ▾ Mastercard for business ▾ Vision ▾ 

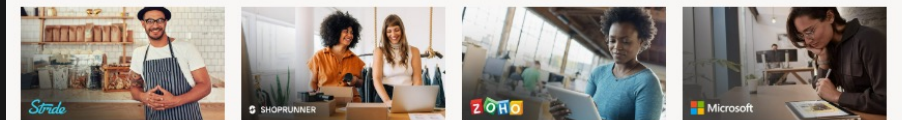
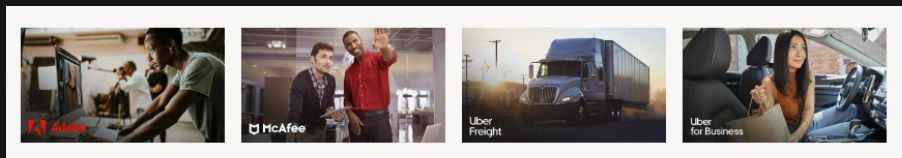




SMALL & MEDIUM BUSINESSES



Our commitment to small business


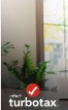
Supporting small business is more important than ever. You can count on us.

[Learn more](#)









Mastercard goes beyond payments to help grow your business.


Find business solutions

Whether you sell online or in-person, accepting Mastercard can help your business.

TOP SOLUTIONS

Faster, more secure checkout	+
Customer loyalty and insights	+

[View all solutions](#)




Start accepting

Faster checkout, happier customers, guaranteed payment — it makes sense to start accepting.

TOP SOLUTIONS




Increase sales and efficiency	+
Start accepting payments	+
Identify your service provider	+

[View all solutions](#)



SAFETY & SECURITY

Confidence comes with knowing your business is protected

 <p>Mastercard ID Theft Protection™</p>	 <p>Authentication services</p>	 <p>Cyber security</p>
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