Changes in Consumer Payment Preferences: Are You Ready?

GlassBuild America 2010

Kelsey Miller
Electronic Data Payment Systems
Overview

Credit Card Acceptance: Then and Now

Changes in Consumer Thinking

Credit Card Processing Basics
  – How it Works
  – Account Types
  – Pricing

Common Questions

WDDA Member Program Answers
Credit Card Acceptance: Then and Now
### Credit Card Acceptance: Then and Now

#### The Growth of Non Cash Payments

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>1999</th>
<th>2008</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Checks</td>
<td>39%</td>
<td>28%</td>
<td>-11%</td>
</tr>
<tr>
<td>Debit Cards</td>
<td>21%</td>
<td>37%</td>
<td>+16%</td>
</tr>
<tr>
<td>Total Electronic Payments</td>
<td>43%</td>
<td>63%</td>
<td>+20%</td>
</tr>
</tbody>
</table>

Changes in Consumer Thinking
Today’s Consumer

• There are 48 million Generation-X consumers who were born between 1965 and 1976 and are primarily in their 30’s
  – This group has different experiences and expectations compared to consumers in the past
  – Generation-X consumers are extremely tech savvy and 33% of them have college degrees
  – Gen-Xers tend to:
    • Do their research
    • Ask more questions
    • Involve themselves in each step of the process
Changes in Consumer Thinking

- 41% use cash less frequently than 2 years ago
- More comfortable with using cards
- Preference for online banking
- Debit transactions used as ATM
- Convenience
Credit Card Processing Basics

How It Works
Credit Card Processing Basics

What happens when you accept a credit card from a customer?

Transaction is Completed by Merchant

Terminal is Batched Out

$$ in Merchant Bank Account
Credit Card Processing Basics

Account Types
What kind of program is best for me?

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Transaction Type</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Storefront</td>
<td>Swipe</td>
<td>Terminal</td>
</tr>
<tr>
<td>Mail Order/Telephone Order (MOTO)</td>
<td>Key Entered</td>
<td>Terminal or Virtual Terminal</td>
</tr>
<tr>
<td>Web</td>
<td>Online Shopping Cart</td>
<td>Virtual Terminal</td>
</tr>
<tr>
<td>Events or Installations</td>
<td>Swipe</td>
<td>Wireless Terminal</td>
</tr>
</tbody>
</table>
Credit Card Processing Basics

Pricing
Credit Card Processing Basics: Pricing

• All credit card processing costs are a direct result of the risk associated with the transaction
• Incorrect account set up will result in unnecessary fees
Credit Card Processing Basics: Pricing

<table>
<thead>
<tr>
<th>Business Type</th>
<th>Available Rate Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Storefront or Mobile Account</td>
<td>Qualified, Debit, Rewards, Mid Qualified, Non Qualified</td>
</tr>
<tr>
<td>Mail Order/Telephone Order (MOTO)</td>
<td>Qualified, Debit, Non Qualified</td>
</tr>
<tr>
<td>Web</td>
<td>Qualified, Debit, Non Qualified</td>
</tr>
</tbody>
</table>
Common Merchant Questions
Common Merchant Questions

• How do I know if I am set up for the correct type of account?
• How do I know if I am paying too much?
WDDA Member Program Answers
WDDA Member Program Answers

- WDDA has put a program in place to assist members in better managing their credit card processing
- WDDA Member Credit Card Processing Program
  - First Step: Complimentary Statement Analysis
  - One on one relationship with a National Enrollment Specialist assigned to your account
  - WDDA members are important to us
Thank you!

Any Questions?

Contact us today at 866.578.9740, online at www.edpaymentsystems.com/partners/WDDA or find us on the WDDA website!