



eliminate  
100%  
of your credit card  
processing fees with  
rewardpay



### RewardPay Program

The RewardPay Program allows businesses to pass a "credit card charge" onto the consumer, saving businesses 100% of their credit card processing costs.

Integrity POS technology automatically passes a "credit card charge" onto a credit card sale. Our program lets businesses set some or all of their processing costs, while staying in compliance with the Card Brands (Visa/MasterCard/Discover).

### Benefits



#### Savings

Merchants receive 100% of the sales price when customers pay by credit card - zero transaction fees!



#### Compliance

Compliant with major credit card networks and with individual state restrictions



#### Integration

Seamless integration with compatible POS systems



#### Automation

Automatically apply a surcharge to credit cards. This fee is bypassed with debit or prepaid cards

As a merchant, you know that being able to accept credit cards from your customers is necessary in order to maximize sales, and for years it's been considered just the cost of doing business. However, those fees have been getting more expensive year after year, and you may be asking yourself why. One primary reason is that banks are charging higher interchange fees on certain types of credit card transactions. Interchange fees are the fees you pay to the credit card holder's bank to process the payment, which vary depending on what type of credit card the customer uses. For example, if a customer pays with a rewards credit card that provides cash back, airline miles or hotel points, etc., the interchange fees you're paying are higher than another credit card without those reward benefits. Credit card issuing banks use the increased interchange fee to help subsidize the cost of the rewards given back to the cardholder, essentially leaving the you footing the bill.

### Desperate times call for desperate measures

As rewards cards continue to grow in popularity, banks lure new cardholders by ratcheting up the level of rewards, driving up the interchange fees paid by merchants to cover those enhanced rewards. This has pushed some retailers to find creative ways to encourage people to pay with cash, check or debit card in an attempt to lower or even eliminate their credit card fees. Some merchants have assessed a surcharge on purchases made with a credit card, which is allowed by the card brands and is legal in all but 7 states. Others are offering a discount to pay with cash, which is known as "cash discounting." While they may sound like the same thing Visa recently took a stance that they are not, and that many cash discounting programs are merely an attempt to skirt the surcharge rules and are in violation of their regulations.

## **The problems with cash discounting & Surcharging**

Some cash discount programs have kept *cash* prices posted, but then add a fee at checkout and immediately remove that fee if someone pays by cash. Visa recently announced that this type of cash discounting program is in violation of their rules. A merchant cannot add a fee on top of the published cash price of an item *at checkout* and then immediately remove it and call that a cash discount. They do not consider this to be a legitimate price increase, but rather a surcharge disguised as a cash discount.

Gas stations have been successfully running cash discounting programs for years, by publishing both a cash price and a credit card price so it's 100% clear to the consumers exactly what they will be paying based on how they elect to pay. This isn't something that's easily done by other merchants. Take restaurants, for example, and how complicated a menu would look if it offered two prices for every item – a cash price and a credit card price. Merchants wanting to implement a true cash discount program need to either increase the displayed prices of *all* the items in their store or show two prices, which may turn off and confuse some customers. Merchants' front-line cashiers, wait staff and store clerks are often left to explain these higher fees and cash discounts to consumers, tying them up unnecessarily and causing delays at checkout.

## **What's the best solution?**

While cash discounting programs are popping up more and more, if not done properly a business can be subjected to non-compliance action by the card brands, possibly losing their ability to accept credit cards at all. Sales agents for some credit card processors have been quick to push merchants into cash discounting programs done incorrectly to skirt the surcharge rules, and certain point of sale systems, like Clover, decided in September to remove all cash discount programs from its software. More announcements from processors and card brands are likely in the coming months to crack down on improper use of cash discount programs. Merchants wishing to implement a program to reduce their credit card fees should lean more towards our Cash Rewards program, which has established rules and guidelines for compliance and is completely blessed by VISA, MasterCard, Discover and American Express.

## **The bottom line**

If you are considering a Cash Rewards program, work with Integrity POS that is intimately familiar with the rules and requirements that can assist you in creating a program that is compliant, minimizes confusion for your customers, and customized for the needs of your specific business.

## **Commonly asked questions or concerns:**

### **Cash Discount Programs-the Wave Sweeping the U.S**

There is a wave sweeping the U.S. where card processing companies are offering "Cash Rewards Programs" that advertise to eliminate ALL the merchant's cost of accepting cards, both debit cards and credit cards, essentially transferring the cost of ALL card acceptance to the merchant's customer

### **Is Offering a Cash Discount Legal with Federal Law**

Offering a customer, a "discount" if they pay with cash fundamentally appears to be in compliance with federal law as contained in the Durbin amendment, which indicates that a merchant offering a discount when a customer pays with cash is compliant.

### **The Confusion between Federal Law & the Visa Bulletin**

The major controversy that has existed is addressing the following question: “If federal law allows cash discounting, then why is Visa saying many Cash Discount Programs may not be compliant with their rules”; the answer lies NOT in the “WHAT” but in the “HOW”.

### **What is a Compliant Program-Integrity POS Cash Rewards**

If a merchant will embrace the process to 1.) manage and mark-up the published and advertised shelf or menu price, pass that price through to their POS system, and 2.) offer a discount for cash at the POS, then such a program and approach will be considered a “compliant” discount for cash program. Integrity POS will support this type of program with its special flat rate daily discount pricing method, and Integrity POS calls this our Cash Rewards Program. Furthermore, for restaurant and fast food merchants, Integrity POS has specialty and proprietary POS systems and equipment that will manage the entire process for the merchant, making it easier for the merchant to implement and manage a compliant discount for cash program.

### **What do Cash Discount Programs Look Like Today**

Most Cash Discount Programs today 1.) take the advertised or published shelf or menu price into the merchant’s Point-of-Sale (“POS”) system, 2.) apply a “markup” or “service charge” to that price, and then 3.) offer a “discount” if the customer pays with cash.

### **Visa October 2018 Bulletin-Cash Discount Programs**

In October 2018, Visa released a bulletin reminding U.S. acquirers, merchants, processors and their agents, that discounted offers should be carefully evaluated to ensure compliance with the Visa rules, and, “models that encourage merchants to add a fee on top of the normal price of the items being purchased, then give an immediate discount of that fee at the register if the customer pays with cash ... , are NOT compliant with the Visa Rules and may subject the acquirer to non-compliance action.”; in sum, the acquirer could be subject to fines, fees and penalties, which in most instances would be passed on to their merchants by the acquirer.

### **Many Cash Discount Programs may in fact be a “Surcharge” Program**

Integrity POS’s view and interpretation is that when a merchant marks-up their published or advertised prices ONLY at the POS and then offers a cash discount, also ONLY at the POS, such an approach, is really in substance a “Surcharge” program.

### **Conclusion-Compliant Discount for Cash & Surcharge Programs**

With a compliant Surcharge program like Integrity POS’s Reward Pay Program a merchant with a compliant discount for cash programs, like Integrity POS’s Cash Rewards Program including POS Pay for restaurants, a merchant can virtually eliminate ALL their card processing costs, BOTH DEBIT AND CREDIT. In either case, the merchant is deciding to pass through to their customer all or a portion of their card processing costs. That decision for any business owner or financial officer is a major decision and must be supported by the very best payment processor. Integrity POS supports both programs for its valued merchant clients.

**What exactly IS the difference?**

A surcharge occurs when a merchant displays *cash* prices and charges an additional surcharge fee on top of that price for customers who want to pay with a credit card. Cash Rewards is when a merchant displays *credit card* prices and then offers a discount to customers who pay with cash or check.

Whether a merchant calls it a surcharge, convenience, checkout or custom fee it all falls under the surcharge rules. Visa stated in their October 2018 release “models that encourage merchants to add a fee on top of the normal price of the items being purchased, then give an immediate discount of that fee at the register if the customer pays with cash or debit card, are NOT [Visa’s emphasis] compliant with the Visa rules and may subject the acquirer to non-compliance action.”

Restaurant Name  
1234 Main Street  
Your City, State Zip  
Date: 03/08/2019 03:43 PM Check #: 00506  
Station: TT0 Server: Integrity

1 Ala Asada	8.49
Sub Total	8.49
Tax	0.76
Surcharge	0.33
TOTAL	9.58

Restaurant Name  
1234 Main Street  
Your City, State Zip  
Date: 03/08/2019 03:43 PM Check #: 00506  
Station: TT0 Server: Integrity

1 Ala Asada	8.99
Sub Total	8.99
Tax	0.80
TOTAL	9.79

**What will my daily deposit look like:**

Batch Amount:	\$856.52
Daily Fee Discount:	\$29.98
Net Deposit:	\$826.54

