ATTRACTION THE 21ST-CENTURY CONSUMER

As e-commerce, mobile commerce and in-store commerce converge and the world moves further away from paper and more toward mobile and electronic transactions, a new breed of consumer is emerging – one more likely to “tap and go” than swipe and sign.

Influenced by the proliferation of smartphones, smart cards and other technologies, this legion of tech-savvy shoppers has exceedingly high expectations for a seamless shopping experience that’s fast, convenient and secure… with multiple payment options offered at the point-of-sale (POS).

To help small businesses engage more of these consumers and expedite the conversion of sales to cash, a wave of new payment and cash management products continues to hit the market from a payment acceptance industry operating on technology’s cutting edge.

From advanced card acceptance and processing services to value-enhanced business cards to remote deposit solutions, all bring new features and functionality to bear at the POS. Merchants who choose to use them for competitive advantage will be better positioned to maximize sales opportunities, accelerate cash flow and generate more business.

MAKING ALL SALES POSSIBLE

Consumers in growing numbers are carrying less cash because they expect businesses of all kinds and sizes to accept credit card payments in any environment. As cash and check payments decline and credit card transactions increase (see chart on page 2), offering more secure payment options at the POS makes good business sense. Even more so when you consider some of the economic data being reported:

• Kiplinger estimates retail sales increasing by 5 percent through 2014.

• The number of card transactions grew at an annual rate of 7.6 percent, rising from 21.0 billion in 2009 to 26.2 billion in 2012.¹

• 66 percent of all POS transactions are done with credit, debit, or gift cards as reported by Community Merchants USA, a nonprofit project of the electronic payments industry.
From a mobile commerce perspective, leading research firm Forrester reports that “Mobile payment volume in the U.S. is projected to hit $90 billion in 2017 vs. $12.8 billion spent in 2012.” As the mobile consumer base continues growing, increases in e-commerce on smart devices are expected over time as purchasing this way becomes second nature.

This period of unprecedented technological evolution has presented merchants with a number of cost-effective options to make sure sales opportunities are almost never missed and cash keeps flowing by:

• Offering multiple payment options – from credit, debit, gift and purchasing cards to electronic checks and international payments. You’ll capture more business from fixed-point, card-generated transactions and from sales completed on mobile devices and online.

• Providing contactless card readers for speedier customer checkout. “Contactless transactions are 63 percent faster than cash transactions and 53 percent faster than traditional credit card transactions.” Customers simply wave or tap their credit cards at the POS (the technology replicates a swipe), bypass the signature step and go.

• Letting customers make payments with their mobile wallets. Mobile wallets use near-field communication (NFC) chips embedded in smartphones and tablets to transmit payment information through apps like Google Wallet™. Customers enter their PIN and select the payment account they wish to use along with any special offers or customer reward programs to be applied. Then, by simply tapping their device to an enabled payment terminal, the transaction data is encrypted and transmitted.

• Investing in mobile checkout applications that enable credit and debit card payments to be accepted through compact, encrypted card readers attached to smart devices if doing business in non-traditional locations.

• Preparing for enhanced security measures. The data breaches at large retail stores during the 2013 holiday season have galvanized concerns over credit card fraud and identity theft. As Web and mobile payments increase, so does the risk. “With losses of $5 billion a year, the marketplace should see card issuers and retailers upgrading security measures by migrating quickly to new technologies like EMV technology.”

THE CASE FOR BUSINESS CARDS

Convenient and flexible cash management tools, business credit cards have become increasingly important in business commerce to improve the oversight, control and transparency of business spend…while increasing liquidity.
By removing cash from the payment equation, business card programs enable merchants to retain more cash to fund operations, purchase goods and services from card-accepting vendors, and obtain favorable payment terms and discounts for paying them sooner. Plus some cards offer rewards programs with the flexibility to choose how and when to redeem rewards points earned based on spending.

Business cards also function as a popular source of financing for small-business owners. According to the National Small Business Association’s 2012 Access to Capital Survey, 37 percent of small businesses used credit cards to help finance capital needs.

Many business cards afford proprietors more time to focus on growing their business with convenient tools including mobile applications to track expenses, online monthly statements and customized management reports.

**REMOTE DEPOSIT FOR EXPEDITED PAYMENT**

Accelerated check clearing, expedited payments and improved cash flow are driving the adoption of remote check deposit. The process of scanning, verifying and depositing a check has emerged as one of the simplest solutions to help organizations reduce the time and cost of manual check deposit and expedite the conversion of receivables to cash.

Remote Deposit relegates the timeworn ritual of making trips to the bank to the dustbin of history. Checks can now be electronically deposited virtually anytime and from anywhere using a high-speed desktop scanner or a smartphone with a mobile app. The business owner retains control of service access by designating authorized users and receives confirmations for every deposit to close the loop.

For those who travel or conduct business on the go, the growing popularity of mobile remote deposit offers a safe and practical solution. “A July 2013 consumer survey conducted by Celent ranked mobile remote deposit as the second most valued capability in mobile banking after account aggregation.”

**BEST PRACTICES FOR GROWING YOUR BUSINESS**

Whether contemplating credit card acceptance, choosing a business card program for the first time, or looking for a transaction processing upgrade, Chase offers advanced payment products and services to help your business grow and prosper. These include:

- **Chase Checkout**: The complete product solution for accepting payments in store, online and on the go. Chase Checkout makes every sale possible with:
  - **Chase Mobile Checkout**: Enables you to accept card payments securely and manage your business account using an Apple® or Android™ smartphone or tablet, the Chase Mobile Checkout app, a compact Chase card reader, and a merchant services account with Chase.
  - **Chase Retail Checkout**: Continue accepting credit and debit cards as you always have while preparing your business to process new payment types as they emerge. With this smart technology, you’ll be ready to:
    - Fight fraud with the security of EMV chip cards
    - Start accepting mobile wallet payments
    - Speed up transactions with contactless payments
  - **Chase Online Checkout**: Provides seamless shopping cart integration, catalog creation and inventory management along with the ability to send digital receipts to customers and view daily sales activity.

**EMV Technology**

Europay®, MasterCard® and Visa® (EMV) – commonly referred to as chip technology – is the global operating standard. EMV adds a layer of security that makes chip-enabled cards virtually impossible to copy and reduces the risk of accepting counterfeit cards. Popular overseas, EMV cards are finding their way into the wallets of U.S. consumers.
• **Chase Ink® Business Cards**: Meet the simple-to-sophisticated cash management needs of small businesses. With a Chase Ink® business card, you’ll have convenient credit to cover daily spending needs, free employee cards, purchase protection, and rich rewards, to name just a few Ink benefits. And you can redeem rewards for cash back, travel and more.

  - **Ink Cash®**: Cash-back rewards with no annual fee
  - **Ink Plus®**: Premium travel rewards and benefits including no foreign transaction fees with the flexibility to pay balances over time or in full each month
  - **Ink Bold®**: Premium travel card with direct-to-advisor servicing and rich rewards; pay balance in full each month

Track purchases on the go with JotSM, our free mobile business app and online tool. With Jot at your fingertips, you can tag purchases instantly, download custom reports and more.

• **Chase QuickDepositSM**, our remote deposit solution, streamlines your deposits and gives you quicker access to your funds without ever having to leave the office. Simply scan your paper checks and send the digital images electronically to Chase for deposit into your checking account. Chase QuickDepositSM also works with your smartphone or iPad®. Snap a picture of the front and back of your endorsed check and send it using the Chase Mobile® App.

**THE TAKEAWAY**

The payment acceptance industry’s move toward an electronic-based ecosystem is welcome news for the small business community. Not only can emerging payment solutions help increase sales opportunities and accelerate cash flow, they add flexibility and convenience to the customer shopping experience. In a highly competitive environment, increasing the odds of more impulse purchases, bigger ticket sales and word-of-mouth marketing is good for business.

Chase is committed to helping you achieve all of your goals and moving your business forward from a position of strength and here is how we can assist. Our solution set includes credit and cash management services, merchant services, business checking products and other financial tools and resources. All are designed to help you access working capital, accelerate cash flow, compete more effectively... and grow.

For more information, please contact your local Chase Banker today.

Accounts subject to credit approval. Restrictions and limitations apply. Chase credit cards are issued by Chase Bank USA, N.A. Offer subject to change.

References:
2. 2014 U.S. Smartphone Subscriber Market Share, ComScore, Inc.
5. Smart Card Alliance Brief, January 24, 2014.