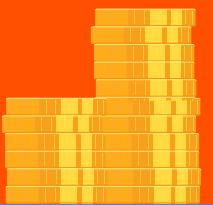




The Quick-Start Guide to Digital Payments



A lot goes into starting a business, yet the most important part often gets overlooked: How to get paid. How much do you know about payment processing? Are the payment tools you need to provide top-of-the-line service available to you? Dive into this Quick-Start Guide to Digital Payments to discover what you need to know today.

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01 The Evolution of Payments

Take a trip back to the 1950s. It was the first time businesses tried to break away from cash. Business owners and their staff would collect patrons' cards then scurry into the back office to the card imprinter. It felt like the future.

No more copying down all those numbers. Simply slide the board three times and begin storing the carbon paper slips — one for the bank, another for the business and the last for the customer. Businesses have come a long way since that time.

Perhaps your business still uses a card imprinter, receipt book and printing calculator as a backup method when your card machine is down. If so, you know the headache it can cause firsthand.

The amount of manual recording and organization needed to keep those carbon paper slips safe is enough to make anyone's head reel. It makes us grateful for the current technology that provides so many ways to collect payment.

Who could've imagined that shoppers could wave their card or phone near a machine as payment?





02 Which Payment Method Is Best?

When it comes to accepting payment, that's dependent on your business and its customers. In its simplest form, the best option for your business would be something affordable for everyone that can be easily integrated into your current systems.

Nothing is one-size-fits-all. That's why it's wise to look at what each payment method can bring to the table and figure out what your business and patrons will benefit from.

03 What Are the Types of Payment Methods?

There are five main ways businesses collect payment. While some are more advanced than others, they all serve the same purpose — to get small businesses paid.

■ Cash

Bills and coins were the primary forms of payment until recently, as digital payment options have continued to rise. Cash purchases gave instant gratification to business owners as opposed to waiting for transactions to clear. Because handling cash doesn't come with fees, it helps small businesses cut down on overhead costs.

On the other hand, if you're a business still operating on a cash-only system, this could leave your business circling the drain. We'll discuss that more later.

■ Checks

Physical checks peaked during the 20th century and although popularity for this payment method has decreased, they're still relevant today.

Business owners managing rentals, home services, childcare and legal services are still likely to see paper checks. It's important to note that e-checks are also a common option when it comes to online payments and ACH transfers, but we'll cover that shortly.

Small businesses that accept checks should have a standard policy when accepting this payment method.

Best practices include:

- Only accepting check payments that are written for the exact amount due.
- Requiring checks to be issued by a major bank in the area.
- Having clearly stated repercussions for bounced checks to guarantee the business is protected and gets paid.



■ Cards

According to the Thryv/Payments Dive [2022 Consumer Payments Survey](#), consumers highly prefer debit and credit cards when it comes to paying for their services. These card payments make life more convenient for both the consumer and business owner.

Shoppers are no longer limited to the cash accessible to them and can take on larger purchases. As for the benefit to your company, your employees don't have to wait for them to find exact change.

By accepting card payments, your business gains access to a customer base that would be turned off by a cash-only system.

Accepting cards comes at a cost, however, and that cost can vary depending on the payment processor. We'll dive into navigating those extra fees in a bit.

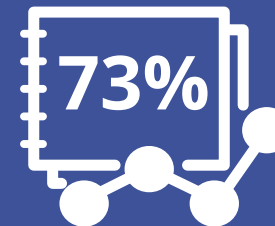
■ Online

When it comes to online payments, money is collected via e-checks, credit or debit cards and ACH payments. As for the cost of convenience with these payments, they can sometimes be cheaper because customers have different options at checkout.

If your mind went to retail, allow us to remind you that online payment is not limited to e-commerce. The same business owners who manage rentals, home services, childcare and legal services can also utilize online payments to benefit their businesses.

■ Mobile

Digital wallets like Apple Pay, Google Pay and ThryvPay are on the rise, especially among younger consumers. Businesses that haven't added mobile payments to their offerings could soon be missing out on a significant amount of money.



of customers say when choosing between two businesses, available payment options influence their final decision.



04 Why Are Card Payments One of the Top Payment Methods?

Card use makes for quick and frictionless payment transactions. You cannot get back time — it's priceless. Your customers want what they came to you for, and they want it as quick and easy as possible.

Card payments also provide a level of security. When writing a check, you don't know how many hands will touch it or if your information will be copied and used for unauthorized purchases.

Using a card lessens the chance of your personal information and account details being snagged. That's why it's important to check the security and breach history when choosing a payment processor.

One of the more recent benefits behind the rise of card payments is that it's contactless. With the outbreak of COVID-19 in early 2020, many concerned shoppers were looking for a more sanitary way to do business.

05 Digital Wallets Are on the Rise

A digital wallet or e-wallet is a software-based system that stores payment information for various payment methods. Digital wallets make transactions simpler.

In fact, businesses can access funds from a digital wallet almost immediately, something that's not always the case when it comes to credit card transactions. Businesses can sometimes avoid the cost and fees associated with credit cards by having customers use digital wallets.



59% of consumers use contactless payments more since COVID-19.



06 What Are the Benefits of Accepting Card Payments and Digital Wallets?

The main key benefit of these payment options is simplifying the sales process for you and your customers. As mentioned earlier, card payments and digital wallets reduce time spent on the checkout process and bookkeeping efforts; however, ease isn't the only benefit.

■ **Boost in Sales**

Because it's so easy to swipe and tap, shoppers are more eager to spend. In fact, when people don't see dollars physically depleting from their wallets, they're likely to spend more.

■ **Habit Monitoring**

You don't have to wish you could spot customer trends — you can. A payment processor allows you to identify customer spending behavior. This invaluable data could lead to discovering new target groups or even upselling opportunities.

■ **Reduced Risk**

By working through a payment processor, you greatly reduce the chances of internal theft or cash mishandlings. There's nothing worse than your tired employees counting and recounting the cash in an unbalanced till hoping for a new outcome.



of consumers intend to continue using contactless payments postpandemic.

07 How Much Do Credit Card Transactions Cost?

Nothing in life is free. To keep card networks in business, money is needed — hence businesses are charged for using networks and services. These fees vary from processor to processor.

Many payment processors offer convenience fees to offset their cost of fees; however, it's a safer bet to go with a company that offers one of the lowest fees. Especially because shoppers are often hesitant to pay convenience fees.



57% of customers aren't willing to pay additional credit card convenience fees.

08 What is Payment Processing?

Payment processing is how businesses complete credit and debit card transactions. In short, payment processors help businesses collect card payments without fighting backend logistics.

While some processors focus on payments, like [ThryvPay](#), others offer a point-of-sale (POS) system or hardware. What's most important is choosing the best option for your business — and there are many options.



09 How Does Payment Processing Work?

In its most simple terms: Your customers swipe or enter in their information and the processor moves the money from their accounts to yours. If you're a person who enjoys looking at the play-by-play, we've got you covered with the details.

When a customer gives you their card information, regardless of whether that's on a POS system in your business, online or digital wallet, that information goes through a payment gateway.

From the gateway, the information heads to the payment processor, which sends the information and requested dollar amount to the card network. Think Visa or Mastercard. The network then gives the thumbs up or down for the request to the payment processor.

Once approved, the merchant completes the transaction with the customer and the payment processor informs the bank to send that money into the business's account.

It seems like a lot but, think about the last time you processed a payment. The loading time before the approved screen pops up takes a total of five seconds.

Now, how quickly businesses will receive their funds is dependent on the payment processor and type of accounts used; however, it's worth noting that with ThryvPay businesses can see funding as soon as the next day.



of customers believe using a credit card on an online portal is just as safe or safer than paying in person.

10 How Do I Choose the Best Payment Processor?

Not all payment processors are created equal. There are eight items to consider when selecting the best one.

■ Your Size

Look at the size of your business. How many people come through your doors or use your services? Not all payment processors are a good fit for small businesses.

■ Average Spend

How much does the average person spend with you? Also, be sure to examine which type of transactions you are processing the most.

■ Fee Forecast

It's important to look at the overall transaction rate, but also consider monthly account fees, early termination fees, chargeback and retrieval fees. The number of fees shouldn't scare you.

However, it's important that you pull out the calculator and make sure you know how your bottom line could be impacted. Note that not every fee will always come into play.

■ Processing Types

Have you thought about going beyond swipe processors? Perhaps you're looking into scanning or tapping cards for increased speed of service? Maybe an online terminal makes sense for your business? The best payment processors provide business owners with a couple of options.

■ Current Devices

Look at what devices your businesses are using right now. Check to ensure any processors you're considering are compatible. It would be terrible to go with a processor only for your device to glitch and act buggy when it's game time.

■ Turnaround Time

You need money to run your business, so consider how long it will take the payment processors you're looking at to get funds from your customers' accounts into yours.

Ask yourself:

- How important is speed to you?
- Are you willing to pay more in credit card fees to expedite the process?
- Would you rather opt for a slower pace to save a bit? If this is the case, go with an option like ACH.

■ Customer Service

You must know who you're doing business with. So, it's important to check, check and double-check the customer service reviews for any payment processors you're evaluating.

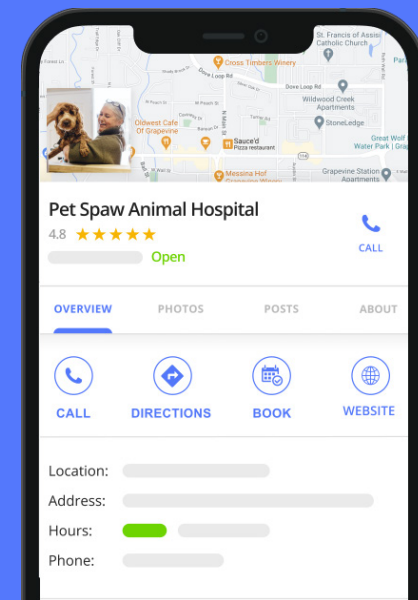
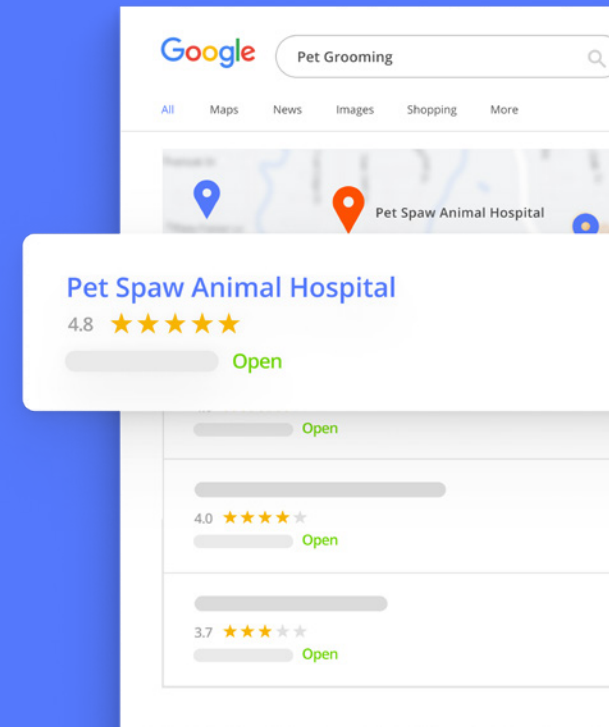
Are they only open from 9 a.m. to 5 p.m.? If your company is doing business outside of those hours, it's probably better if you skip to a processor that has 24/7 availability.

Can you imagine having an issue accepting payments and leaving the job site unpaid because customer service was unavailable? Now you're unpaid and looking unprofessional.

■ Merchant Reputation

We repeat: Check the reviews! Have you researched the reputation of all the payment processors? Here are four questions to ask when going down your list:

1. Have they experienced any major data breaches in the past?
2. Do the reviews show that other similar businesses in size and industry value them as a processor?
3. What is their rating with the Better Business Bureau?
4. Are they known for providing extra features, like fraud security?



11 How to Collect Payments

It's not enough to have various payment options in place. You must ensure you're collecting on payments. The good news is, collecting your money doesn't have to be filled with stress.

Technology to Collect Payments

The best way to be paid on time is to make payments convenient for you and your customers. Set up online payments that can be accessed through a dashboard or an interactive payment button at the bottom of the invoice.



67% of consumers prefer to receive receipts as an email or text rather than on paper.

Offer Packages as Advance Payment

When you bundle services, you can collect payment upfront, and your customers could catch a discount.

Offer Discounts for Early Payments

Sometimes payments for large projects need to be put on a schedule. In those instances, it's understandable to add in a partial payment fee.

However, one incentive to have ready to go is a discount for customers who pay off their payment plan early. For example, removing a percentage of the payment plan fee.

Make sure to keep up with all advance and partial payments. Both you and the client should have up-to-date records of what was paid to avoid conflicts and looking unprofessional.

12 How to Request Late Payments

Customers mean well but the fact of the matter is that late payments happen and too many late payments can begin affecting your business. How long are you generally waiting on late payments? Five days? Ten days? It gets tempting to badger your customers.

The saying goes, “you’ll attract more flies with honey than with vinegar.” When you’re courteous to your clients, even in these tough situations, it provides the opportunity to strengthen the relationship.

Do they owe money? Yes. But should you risk a customer for something worth a few bucks? We wouldn’t suggest it.

Imagine when that customer leaves a review. It can either be glowing with how good the work was, how the company is overall very patient and staff is beyond kind — or it can be filled with how the business is money hungry and cares very little about their actual customers.

A good rule of thumb is to avoid confrontation. Skip making phone calls to remind people to pay off their invoices. It’s a waste of valuable time.

Set up an automation process to send text and email alerts to customers with unpaid invoices. By offering a link for online payments, you’ll cut out any steps that would further delay payment.



13 In Conclusion

As a small business, collecting payments is key to keeping your doors open. If checking out is hard, your customers likely won't return.

By accepting payment options that make sense and choosing the right small business payment processor, you can take the stress out of collecting and keep your customers happy.

Take your time and avoid making any rushed decisions. Collect all the information you can to ensure you're doing what's best for your business and your customers. Start your research now by checking out [ThryvPay](#).

