

Savings Example using BINSmart from Capital Bankcard®

You are paying too much for your credit card processing services. It is that simple. The solution is BINSmart from Capital Bankcard. This breakthrough, patent pending, technology works to evaluate every credit card transaction for potential savings. Savings which can amount to hundreds or even thousands of dollars every year!

HERE'S HOW:

What we have attempted is to create a sample merchant to show the savings possibilities with BINSmart. This sample merchant is not intended to represent a "typical" merchant because there is no such thing. It pulls mostly from industry data and averages to calculate a realistic scenario.

BINSMART SAMPLE MERCHANT SCENARIO		
One Month's Processing Charges	With BINSmart	Without BINSmart
Credit Card Processing Fees	\$330.60	\$518.06
Debit Card Processing Fees	\$96.99	\$0
Downgrades From Not Batching	\$0	\$27.35
Statement Fees	\$9.95	\$9.95
Total	\$437.54	\$555.36
Savings from BINSmart	\$117.82/mo	

This sample merchant **saved more than 20% in one month's worth of fees, equating to possible savings of over \$1,400 a year** on their overall processing costs simply by implementing BINSmart.

This savings is WELL BEYOND anything they could achieve by simply lowering rates. To prove this point, we changed the pricing on the sample merchant lowering their qualified rate by 10 basis points and their per transaction fee by 4 cents. Despite what might be seen as a significant rate reduction, this merchant would only recognize a savings of around \$20/month in processing charges. Compare that to the \$110/month+ savings available with BINSmart!

Following are the details of our sample retail merchant's set-up. We understand that your situation will differ in almost every point:

- 200 transactions a month
- Sales ranging from \$1 to \$200 with a randomly generated per sale average of \$94.47
- \$18,801.52 monthly volume for MC/Visa transactions
- The merchant is set up with a typical three tiered merchant account. Their pricing is reflective of a smaller retail merchant.
- 52% of the cards accepted at this location are debit capable and run on randomly generated debit networks based on market share
- 100% of the debit capable cards are run as PIN debit because of BINSmart's automatic prompting
- The merchant forgets to batch their terminal approximately once every ten days leading to downgrades

For further details regarding the assumptions in the scenario, please see the back of this document

Methodology and Assumptions:

As we have stated, it is not our intent to be deceptive with this material. Rather we are simply showing how BINSmart saves merchants money while providing some sample as a basis. As such, please note the following details associated with these calculations. We will try to point out where our assumptions are potentially inflating or deflating the cost savings of BINSmart and how:

- When figuring the average ticket we used a random number generator to calculate 200 transactions within the range of \$1 to \$200. We recognize that this is an unlikely scenario as there would probably be very few transactions below \$20 and several above \$200. Because of this we are potentially UNDER stating the savings potential of BINSmart.
- The pricing structure of our sample merchant may be higher than the average mid to larger volume merchant. Also, other pricing structures, such as Interchange plus, would yield different results. We are, therefore, potentially OVER stating the impact of BINSmart
- We assume 52% of the transactions use debit cards. While this is the industry average it invariably will differ from business to business and market to market. This could either UNDER or OVER state the savings from BINSmart
- We assume 100% of customers with debit capable cards will enter a PIN when prompted by the BINSmart terminal. While we firmly believe a vast majority will use PIN since the merchant is directing them rather than asking, this may OVER state the potential savings.
- We do not have entirely accurate data regarding the percentage of days where the merchant forgets to batch their terminal. Our choice of frequency may be more or less than any given merchant. Therefore we are either UNDER or OVER stating the potential savings.
- We are assuming that the merchant, in the three tiered pricing, has 50% of their charges fall into the qualified rate and 25% each into mid and non-qualified. This may therefore UNDER or OVER state the savings potential.
- Debit network costs vary widely. We calculated the cost of running a PIN debit transaction by taking the top 4 debit networks, representing over 90% of all debit transactions, and randomly assigning the transactions to one of those based on their market share. Certain merchants may see a predomination of specific networks in their particular geography and therefore we are either OVER or UNDER estimating the potential savings.