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March Dates To Remember:

12th: Day Light's Saving
17th: St. Patrick's Day
20th: Spring Begins

Consider B2B Credit Card Surcharging to Counteract Inflation and Rising Costs

By Justin Main, Vice President, Payments,

With inflation-weary buyers resisting price increases, more companies are looking for ways to improve efficiency and reduce costs to maintain profit margins. According to a May 2022 Gartner survey of 182 CFOs and senior finance leaders, "CFOs will increasingly turn to cost reductions if above-average inflation continues into the fourth quarter of this year, while also seeking efficiency gains through increased automation." A June Gartner survey elaborates on exactly what CFOs are considering cutting, with M&A leading the way followed closely by investments in sustainability, as well as talent development.

Of course, the ideal scenario is to keep revenue growing while simultaneously cutting costs, but this is easier said than done. One operational expense often labeled as an accepted-but-necessary evil are credit card fees. But that's changing as fees continue to rise. Even the U.S. Senate has taken notice by considering legislation against rising merchant fees. Of course, B2B buyers are a lot like consumers, and they want to hold on to their cash as long as they can. Plus, they like paying the way that makes the most strategic sense for them. And they love rebates. Which is why more and more of your B2B buyers are using credit cards for payment and why you should consider a cost-cutting, card acceptance strategy which includes surcharging.

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Charging an additional fee to the price of a good or service to cover money lost in processing credit card payments offers great benefits to suppliers, but implementation can be tricky. Managing customer expectations and card brands, along with calculating fees which are compliant with card rules and varying state regulations, are daunting tasks.

So where do you start?

First, think about what makes accepting credit cards so attractive: customers pay faster, the chance of errors is reduced and it can foster better customer relationships because you're letting the customer pay on their terms, not yours. Of course, you have to consider whether all the benefits justify the interchange fee cost, but it's generally in your best interest to accept credit cards. Given that, suppliers are paying 1.5-3.5% fees on credit card transactions as more payments are going digital.

Surcharging can make sense if you have a significant number of customers who use cards or if you've previously decided not to accept credit cards because of interchange fees. But if you're applying a surcharge to larger buyers, there's a real risk that should be considered: it could create a challenging relationship issue if you've been already taking credit card payments and are now going to use a surcharging program. That's why suppliers must be confident that they have the tools to notify and communicate with both their customers and the card issuers.

Although buyers might be slow to accept your decision to surcharge, good, transparent internal and external communication will help you maintain trust. Here are some things to consider when developing a surcharging program.

1. **You'll need an understanding of card acceptance costs.** Card brands and state laws mandate that a surcharge can't exceed the acceptance cost.
2. **You'll need a formalized policy and strong communication.** A surcharging policy should be formalized in trade agreements and broadly communicated internally, ensuring buyers receive consistent information during all supplier interactions.
3. **You'll need to prepare your team for potential increases in ACH or check payments.** Surcharging can drive buyers to other payment forms which can lead to operational impacts and potentially additional costs. Credit, collections and cash application teams need to be prepared to handle more manual payments and decoupled remittances.

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4. **You should consider a tech stack to administer your policy programmatically.** The right tech stack can execute a surcharge-as-a-service program across various channels with no human intervention. Look for turnkey solutions with flat rates where suppliers create the rules – such as partially surcharging by splitting the fee with price-sensitive customers, creating non-surchargeable scenarios or offering buyers the option to switch to other non-card payment methods.

About the Author

Justin Main, Vice President of Integrated Payments for Billtrust, oversees integrated payments operations and sales enablement while ensuring positive outcomes for customers. He also sponsored emerging payment products to enhance Billtrust's best-in-class payments portfolio. He previously served in several sales capacities at Billtrust, as well as in a variety of sales management roles for companies including Dice and CareBuilder.com. Justin has a Bachelor of Science Degree from the University of Minnesota.



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**I HATE WHEN
PEOPLE CAN'T
LET GO OF THE PAST.**

**DEBT COLLECTORS
ARE THE WORST.**

If only

I could increase my
predictiveness of risk by
50% and say yes to more
customers quickly.

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For your “if only” moments

Equifax helps you say yes to more businesses by leveraging differentiated commercial data, advanced analytics, and integrated platforms.

- Unparalleled data assets including financial, non-financial trade data and trended data
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EQUIFAX

Turn your “if only” challenges into competitive advantages.
Contact NACS Credit Services at nacskc@nacskc.com or call
913.383.9300 and ask for Beth Sineath or Amanda DeBold.

MARCH WEBINARS

Credit Professionals Alliance has been working hard to provide our clients with the most up-to-date webinars concerning today's challenges in the credit field. Watch your email for upcoming registration information on all of the following webinars.

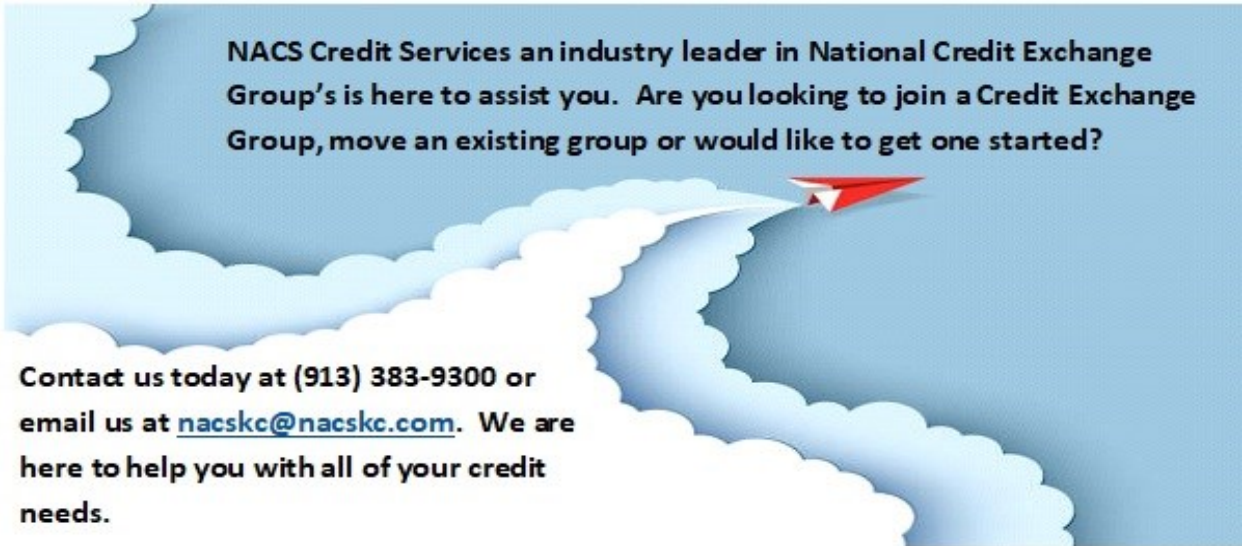
March 9th: The ABCs of "EFTs" (ACH, Wire, RPT, Card)

March 15th: "Cash Is King" Order to Cash Process

March 21st: Easy As "ABC": An Overview of Assignments for the Benefit of Creditors

March 29th: How Intelligent Apps will Make You Smarter and Your Team Happier

Be sure to check out our website www.nacskc.com/education.html for additional educational opportunities as these are constantly being updated.

The graphic features a blue background with white, stylized clouds. A red paper airplane is shown flying from the left, leaving a white trail that curves upwards and to the right. The text is positioned in the upper left area of the graphic.

NACS Credit Services an industry leader in National Credit Exchange Group's is here to assist you. Are you looking to join a Credit Exchange Group, move an existing group or would like to get one started?

Contact us today at (913) 383-9300 or email us at nacskc@nacskc.com. We are here to help you with all of your credit needs.

Educational Update: Credit Research Foundation Webinars

March 2023

CRF offers a variety of educational programs: Proctored Courses, On-Demand Courses as well as webinars.

March 13-15, 2023 March Forum—New Orleans, LA

August 7-9, 2023 August Forum & Expo—Kansas City, MO

November 6-8, 2023 November Forum—Mission Hills, CA

It is very simple to participate: Go to <http://www.crfonline.org> and click on the Education.

Now offering a Certificate Program!

For additional information go to <http://www.crfonline.org/events/current.asp>

The following webinars are being offered by NCS Credit to register for these go to: www.ncscredit.com/education-center/webinars

March 13, 2023

Webinar: 2023 CRF March Forum

March 23, 2023

Webinar: Ways to Protect Your Company Through the Ongoing Supply Chain Crisis

March 28, 2023

Webinar: An Advanced Look at the Lien and Bond Claim Process

April 4, 2023

**Webinar: Everything You Should Know about Correctly Identifying Your Debtor
Under Article 9-503(a)**