

# Payment Optimization

Simplifying the complex  
to maximize savings



# Now is the time for Payment Optimization

COVID-19 upended everything from supply chains to consumer preferences. Companies and government agencies are reimagining business models to cut costs and increase efficiencies while not disrupting the customer experience.

Financial professionals are interested in quick and effective cost saving measures that drive value in months, not years, so they can free up cash to invest in long-term success.

The opportunity exists within the payment strategy. Lowering the cost of card acceptance can have an immediate and significant impact, with minimal to no investment.



**46%**

**CFOs struggle to  
balance cost cutting  
and future investment<sup>1</sup>**



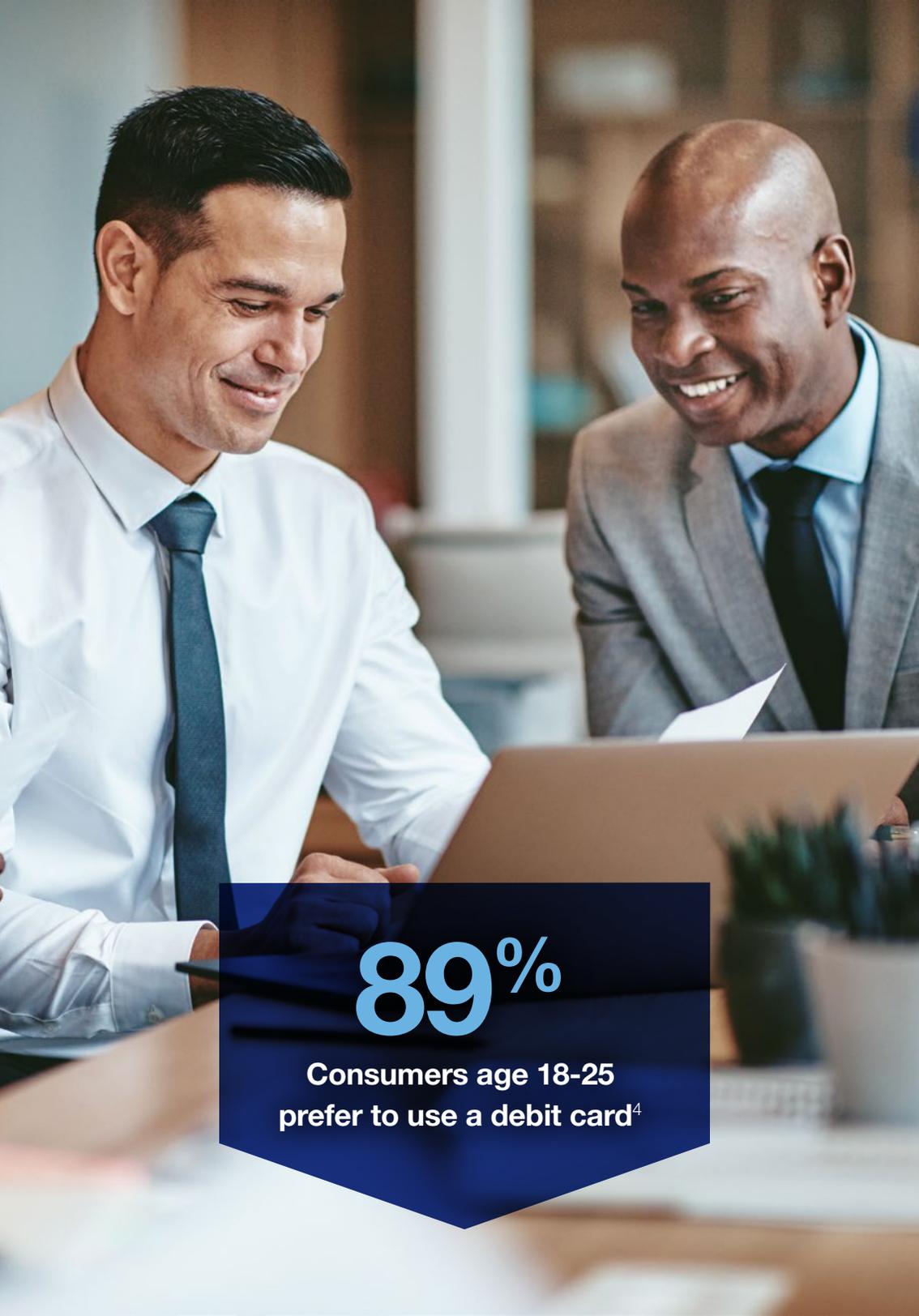
# 32%

YOY increase in e-commerce  
U.S. sales, Q1 2021<sup>2</sup>

## Understanding the increase in card acceptance costs

The pandemic accelerated the adoption of digital technology and forever changed how people pay. The convenience of delivery, curbside pick-up and online bill pay means those models are here to stay. And that convenience comes at a cost. The increase of cashless purchases and the decrease of in-person payments drives acceptance costs and fraud higher.

- Mobile-first experiences move more transactions online
- Younger generations prefer debit cards and digital wallets
- Commercial cards used for B2B and B2G purchases is on the rise
- Online payment transactions cost more due to increased risk
- Write-offs from fraud and chargebacks eat into profits



89%

Consumers age 18-25  
prefer to use a debit card<sup>4</sup>

## Payment Optimization solutions that reduce operational expenses

The opportunity to save significant money really adds up. Productivity can improve as employees free up time to spend on value-added activities aligned with strategic initiatives.

Payment optimization encompasses a suite of solutions and programs that reduce or offset credit, debit, and commercial card acceptance fees for payments made in person, online, via mobile device, or over the phone.

- **Commercial card optimization:** Automated Level 2 & 3 processing for lower interchange fees
- **Debit optimization:** PIN debit selection and least-cost routing
- **Acceptance fee programs:** Service fees, convenience fees and credit card surcharge\* programs help offset acceptance costs
- **International traveler payments:** Dynamic Currency Conversion that can create a new revenue stream
- **Fraud mitigation:** Enhanced card validation practices

# Which Payment Optimization Solutions work best for your organization?

Every company is unique. The factors that contribute to the cost and risk of accepting payments vary by industry sector and business practices.

- **Your industry type:** retail, hospitality, public sector, service
- **Your customer profile:** consumer, business, government
- **Your processing volume:** monthly transaction count and amount
- **Your payment types:** credit-debit-commercial cards, checks, ACH
- **Your acceptance methods:** in-person, online, phone, mail, recurring
- **How transactions are captured:** contactless, swipe, key-entered, on file
- **Where your business operates:** geographical footprint, online reach

## #2

Credit card acceptance costs are the second highest cost behind payroll<sup>3</sup>





**35%**

**CFOs lack awareness of new technology within the finance function<sup>1</sup>**

## The Challenges of do-it-yourself optimization

Most business leaders want to concentrate on maximizing operations and the customer experience and, as a result, may overlook the opportunities for digital transformation within their organization's AP and AR functions.

Payment optimization is complex. While many finance leaders understand the potential for cost savings, they may lack the internal expertise and resources to implement programs.

- Each payment optimization solution is regulated by its own set of rules, specifications, and compliance requirements.
- In-house solutions often fail due to the lack of technology and oversight.
- The acquisition of specialized software is difficult to prioritize and fully fund.
- Staff availability and lack of knowledge can result in costly mistakes.



**0.4-1.5%**  
average potential savings with  
commercial card optimization<sup>5</sup>

## Think of us as an extension of your team – tap into our technology and expertise

The U.S. Bank Payment Optimization Program is founded on one promise to our clients: We help you simplify payment acceptance and put cost savings back into your business. And we do it quickly.

### What our Payment Optimization consultants can do for you:

- Conduct a detailed transaction analysis to calculate program fit and potential savings
- Cut through industry jargon to provide clear recommendations so you can decide what makes sense for your business
- Work with our seasoned implementation team to deliver eligible solutions in accordance with card brand rules and regulatory requirements
- Keep up with evolving technology and compliance standards
- Program, manage and maintain the solutions so you can focus on business priorities

A photograph of a modern office meeting. Four people are gathered around a large wooden conference table. A woman in a black blazer stands on the left, holding a tablet and looking at it. A woman in a black top sits at the table, also looking at a tablet. A man in a suit sits on the right, looking towards the woman with the tablet. Another man is partially visible on the far left, looking towards the center. The room has large windows and modern lighting.

## Ready to save on your card acceptance fees?

Talk to a Payment Optimization consultant today for a free savings consultation, and so we can learn about your business. Getting started is as simple as 1-2-3:

1. We'll analyze transaction data to calculate potential savings.
2. Review our plain-language recommendations and implementation plans.
3. Start saving with minimal impact to your current operations.

**Save money. Protect against fraud.  
Reduce frustration.**



Read more about our Payment Optimization solutions:

[www.usbank.com/financialiq/improve-your-operations/manage-payments/  
Unexpected-cost-savings-hiding-payment-strategy](https://www.usbank.com/financialiq/improve-your-operations/manage-payments/Unexpected-cost-savings-hiding-payment-strategy)

Contact us:

[www.usbank.com/corporate-and-commercial-banking/contact-us](https://www.usbank.com/corporate-and-commercial-banking/contact-us)

\* Currently Credit Card Surcharge is not supported in Connecticut, Maine and Massachusetts, Puerto Rico or the Canadian Provinces. Although we offer surcharging in most states, Merchants are responsible for determining the legality of surcharging in their state, and merchants are liable if their activities are found to be unlawful. Credit card surcharge applies to credit card only, not available on debit cards.

<sup>1</sup> 2021 CFO Insights Report, U.S. Bank; <sup>2</sup> US Dept of Commerce; <sup>3</sup> Deloitte, "2020 Enterprise transformation and cost reduction survey", 2020; <sup>4</sup> \*Digital Transactions: Most Consumers Want To Decrease Credit Card Use As BNPL And Debit Gain Favor, a Survey Finds, July 21, 2021; <sup>5</sup> American Bankers Association Conference for Community Bankers, Podcast: "Driving Customer Success with Higher Profitability", February 20, 2021.

©2021 U.S. Bank. All rights reserved. U.S. Bank is a registered trademark in the United States and/or other countries. This document is prepared by U.S. Bank Payment Services as a service for its customers. The information discussed is general in nature and may not apply to your specific situation. 0821