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## Debit/Credit Cards and the Popcorn Sale

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One question that I am asked is if our Unit should accept credit/debit cards. The answer is an emphatic YES! For the sake of simplicity, I will refer to them strictly as credit cards. There are four main reasons a Unit should take credit cards.



1. **Ease of use** – More people use credit/debit cards than use cash/checks for transactions. This avoids the response of “Sorry, I have no cash on me.” Now you can reply, “WE TAKE CREDIT CARDS”
2. **Safety** – Using credit cards reduces the amount of cash on hand and the opportunity of theft, both externally and internally. Every year somewhere in the country there is an incident of a Scouting Unit having their cash box stolen in front of a grocery store. Taking credit cards helps mitigate this risk.
3. **Sales increase** – In units I have observed accepting credit card payments, there is at least a 15% increase in overall sales. Typically credit card sales especially at a storefront are sales you would have not otherwise made.
4. **People spend more with a credit card** – people are limited by the amount of cash they have on hand. However, this is not the case with a credit card. When my son sees the credit card come out, he immediately goes for the up-sale or asks if they want to buy another item for a family or friend.

Over the last two years, I have seen the percent of payment made by credit card increase from under 10% to nearly 20% of a Units total storefronts sales. People are used to paying by credit card and they are getting more used to mobile versions of credit card payment.

The real question is which system you should use. Smartphones have created a new industry called **mobile Point-Of-Sale** or **mPOS** for short. These devices have reduced the cost of credit card transactions, allow several different options for taking a credit card payment, and have become more acceptable the last several years.

There are a few items I look for when choosing a mPOS service. First, I want a low processing rate. In addition, I want to be able to predict my processing fees. In most instances the credit card processing fee comes out of the profit made by the Unit. Because I do not use this device year-round, I do not want to pay a monthly fee. I also want an mPOS device that is easy enough a Cub Scout could use and it can be used by multiple people. Finally, I do not want to pay for any hardware or terminal.

With these criteria in mind, this is a review of the four most popular credit card readers for smartphones.

There are a few common traits between all of these services. They all have a **free app** that is downloaded to your iPhone or Android phone and all of them have some form of iPad or tablet use. However, some have more integration than others. These mPOS services also offer a **free device** once your service is approved. In most of these systems, a person can sign up as an individual or a merchant. Even if you sign up for an individual account, all systems will do a “soft hit” to your credit report. It is more to verify you are who you say you are and does not affect your credit score. To sign up as a merchant, the Unit must have a Tax ID number

which can be obtained through your Charter Organization or in some cases through your local Council. There can be an advantage of registering as a merchant depending on the service used which we will discuss later. Fees below are for standard swiping of a card. Keying in a credit card number will increase this fee. Finally, all readers below are PCI compliant for security.

Below is a summary of the difference in mPOS readers.

	Rate	iPad Integration	Accept Checks	Debit Card Access to Account	Multiple Account Users	Phone Support	Access to funds
<b>Square</b>	2.75% (2.4% thru Trail's End)	X			X*		24 hours
<b>PayAnywhere</b>	2.69%	X*			X	X	30 min.
<b>PayPal Here</b>	2.70%		X	X	X	X	30 min.
<b>Intuit GoPayment</b>	2.40 + .25 per swipe				X		24 hours

I have used all of these readers and here are some insights.

## Square – [www.squareup.com](http://www.squareup.com)

The new readers for mobile phones are very reliable.

### Advantage

First, iPad integration is easy and free with Square Register for iPad. You can enter in a picture and price of the product. Then all a customer or Scout has to do is touch on the product and the amount comes up. It is easy enough for a Cub Scout to do. The second advantage is you can have an individual log in and password for each reader issued. It allows you to track which Scout sold what item based on the log in. You can also restrict access to the balance in the account and the ability to do returns. All funds go into one account. They have videos that show how to do most items on your phone.

New in 2014 is the [Square Stand](#). The Square Stand transforms your iPad (Generation 3 or higher) into a complete POS terminal. The slot is much larger looks more like a regular terminal. After the product is selected the customer can swipe their card and sign the screen. Because the customer swipes the card, it is preferred over the mobile phone swipe. The device is \$99.

### Disadvantage

It can take up to 24 hours for the funds to post to your checking account especially on a Sunday. This can take a couple of days for the first deposit to go through. They currently only offer online support which is good. However, we all would rather talk to a person when we have a problem. The final disadvantage is the reader. While the processing is good, the other readers have a tab so that the reader does not swivel. Square can tend to swivel.

## **PayAnywhere – [www.payanywhere.com](http://www.payanywhere.com)**

PayAnywhere has quickly become attractive for Units. The new devices are much larger and do not swivel on a mobile phone.

### **Advantage**

PayAnywhere has the lowest rates. However, remember the difference of the cost on a \$10 item is 1 cent, so do not have that be the deciding factor. The same device can be easily used on a mobile phone and tablet. This device can be use on Apple and Android tablets. PayAnywhere has both phone and live chat support. Reports are easy to read especially on the mobile device. They have videos that show how to do most items on your phone.

### **Disadvantage**

A unit can set up multiple readers with the same account but you cannot sort who sold what item unless something is typed into the description. In addition, everyone has full access to the account. While there is integration for iPad, it takes technical support to set it up. The length of time to receive funds is more immediate. Finally, if you are set up as an individual account instead of a merchant account, one can only take charges of up to \$500 in one day.

## **PayPal Here – [www.paypal.com/here](http://www.paypal.com/here)**

PayPal has some brand recognition and is an extension of a Unit PayPal account.

### **Advantage**

The biggest advantage is that PayPal Here is an extension of your PayPal account. Because of this, Units can also take check images as well as credit cards. In addition, the Unit can get a Debit Card for the PayPal account to use the funds immediately. They also have phone support and have quick access to funds.

### **Disadvantage**

The biggest disadvantage is that PayPal Here is an extension of your PayPal account. It takes extra effort to have the funds transferred to a Unit checking account. There is an additional fee to set up items for display on an iPad. Similar to PayAnywhere, a Unit can set up multiple readers with the same account but you cannot sort who sold what unless something is typed into the description. In addition, everyone has full access to the account. Finally, I find the device to twist when not swiped correctly. A bit more difficult for a Scout to use.

## **Intuit GoPayment – [www.intuit-gopayment.com](http://www.intuit-gopayment.com)**

Intuit is the system used by the Girl Scouts

### **Advantage**

The biggest advantage is all payments can be downloaded to Quickbooks, but is only an advantage if you use Quickbooks. They do have a reduced processing fee for just \$12.95/month. However, this only pays for itself if you have over \$1275 in card transactions in that month.

### **Disadvantage**

The biggest disadvantage is Units must set up a Merchant Account. You may be able to maneuver around this if your Council is willing to set this up for you like the Girl Scouts do. They also have no phone support. Finally, payment can take as long as 24 hours to deposit.

## Surcharges

A Surcharge is when you pass on the processing fee to the customer. There are currently 10 states with laws that prohibit surcharges of any type. The following states do not allow a surcharge by law: California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma, and Texas. As of this blog post proposals to outlaw the fees are pending in Arkansas, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, Nevada, New Jersey, New Mexico, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont and West Virginia. You should continue to monitor this issue if you plan to charge a surcharge.

If you decide to apply a surcharge **it is your responsibility to meet all legal and card network requirements** which include the following:

- Surcharges may only be applied to **credit card transactions**, not debit cards or pre-paid cards.
- You can only charge your customer **as much as you are charged** for processing the credit card transaction.
- The surcharge **has to be disclosed** to the customer before the transaction via prominent signage.
- The surcharge **must be listed separately** on the transaction receipt. An option is to use the tax feature on most apps for the fee.
- The surcharge must be **applied universally** to credit cards from all payment Networks (Visa, MasterCard, American Express, and Discover).

If you intend to enact a surcharge policy, you must first provide notice directly to both Visa and MasterCard.