

THE ELECTRONIC PAYMENTS SYSTEM: VALUE WITH EVERY TRANSACTION

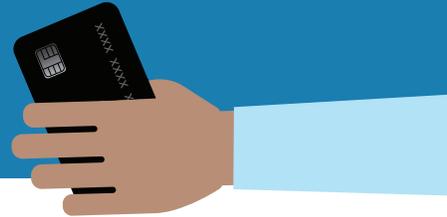
What is the Value of Electronic Payments?

The electronic payments system is tremendously valuable to small businesses, financial institutions, and consumers alike. Here's how:

ELECTRONIC PAYMENTS...

BOLSTER CONSUMER SPENDING: Consumer spending, which has long been the most important factor in U.S. economic growth, continues to be fueled by the innovation of electronic payments. Even during the COVID-19 outbreak, **electronic payments have allowed small businesses to pivot to online sales, curbside pick-up, and in-store self-checkout.** The electronic payments system helps drive merchant growth by:

- Increasing sales
- Broadening the customer base
- More channels (online & mobile)
- Reducing risk
- Guaranteeing payments
- Improved customer experience

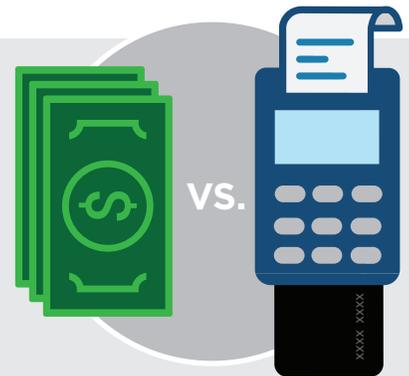


PROTECT CONSUMERS' DATA: As consumer shopping habits continue to shift to mobile and online platforms, **advancements in tokenization provide seamless and secure transactions without exposing customers' sensitive account information.** These features also protect merchants by making tokenized payment data useless if compromised.

SAVE SMALL BUSINESSES MONEY: The electronic payment system is cheap, efficient, and secure, with **card users accounting for 61 percent of total transactions and spending, on average, \$42 more per purchase than cash users.** Meanwhile, accepting and handling cash is expensive, costing 9.1 percent of revenue on average and reaching upwards of 15 percent.

Why does cash cost so much to accept? Merchants have to worry about a range of issues, including:

- Theft
- Security
- Armored cars for transport
- Slower lines
- 100 to 500 additional labor hours per month





SUPPORT FINANCIAL INSTITUTIONS:

Not only do financial institutions bear the majority of the risk associated with potential fraud or insufficient funds, but they also incur substantial costs by providing fraud prevention, transaction monitoring, data processing, and customer service and benefits. As a result, institutions of all sizes depend upon interchange revenue from electronic payments. Without that revenue financial institutions like community banks and local credit unions would suffer greatly.

ABOUT ELECTRONIC PAYMENTS COALITION

We are the credit unions, community banks, payment card networks, and financial institutions who support the backbone of our economic system: electronic payments.

We believe investing in new technologies and legislating national data security standards will create a stronger payment system.

Most of all, we are committed to the protection of Americans from fraud and data breaches. Whether you represent a metropolitan area, the suburbs, or rural America we are committed to ensuring your consumers have access to a secure and reliable payment system.

What is Interchange? Interchange fees are an essential part of the electronic payments ecosystem that ensures its functionality. **An interchange fee is a small percentage of the value of a purchase.** Merchants pay this fee when a sale is made with a credit or debit card. Merchants keep 98 percent of a sale on average—these small fees typically range from **approximately 2 to 3 percent for credit (lower for debit) and are in return for financial institutions/issuers accepting the risk associated with nonpayment or fraud.** Financial institutions invest this revenue into the payments system to ensure continued innovation, efficiency, and safety for customers and businesses alike.

