

Give Back Programs vs. Micro Donations at the POS.

DonateWiseNow[®]

The first-to-market point of sale solution for small and medium sized businesses that incorporates micro donation transactions into terminal and integrated technology flows.

Robert DiMattina
CEO Greenwise, Inc.
February 2013

All rights reserved. DonateWiseNow is a registered trademark of Greenwise, Inc.

DonateWiseNow[®] is exclusively distributed by Cynergy Data, LLC.



Charitable Partnering in the Payment Industry Done Right!

It's everywhere we look these days, the poster supporting this charitable cause or the other. There are so many programs but they are not all created equal.

The Road of Good Intentions

Typically a payment processor or ISO (independent sales organization) usually with good intentions sets out to partner with a well known charitable brand, promising to promote the brand while soliciting merchant acquiring relationships. In exchange for the use of the brand, the processor agrees to donate a portion of "something" back to the charitable organization. The payments industry has typically called this a "Give Back" program (the "something" is usually a portion of the participating merchant's monthly sales volume or a portion of the ISO's monthly recurring residual revenue).

"Give Back" programs can have very little financial impact for the charity while incurring a host of potential regulatory compliance related issues. From our research, the "something" typically appears to be very nominal at best and requires 100s if not 1000s of participating merchants in order to establish any sort of positive financial impact for the charity. In addition, since the donation is paid by the processor or ISO, it negatively impacts their profitability each month.

Giving Back can be Risky Business

Let's start off with the potential risks of a typical charitable "Give Back" program.

- ✓ These programs tend not to provide the charitable organization with much if any detailed reporting with respect to donation amounts owed by the processor.
- ✓ In addition to the lack of financial transparency, these "Give Back" programs could be considered Cause Related Marketing and/or commercial Co-Venturing in certain states, and could be subject to state and federal regulatory compliance laws.

- ✓ Sometimes, the processor is required to guarantee minimum donations regardless of the benefit they receive by using the brand name.

The Fine Print

Much has been written about Cause Marketing Programs and the legalities of soliciting donations from the public to benefit a cause. In an article published in the Cause Marketing Forum:

*Cause-related marketing triggers issues under state commercial co-venture (“CCV”) laws, federal tax laws, Better Business Bureau (“BBB”) Standards, and federal and state laws governing false or misleading advertising.*¹

While the definition of Commercial Co-Venturing is defined as:

*Any person who for profit is regularly and primarily engaged in trade or commerce other than in connection with the raising of funds or any other thing of value for a charitable organization and who advertises that the purchase or use of goods, services, entertainment, or any other thing of value will benefit a charitable organization*²

A Better Way to Support Great Non-profit Organizations

Turning the typical “Give Back” program on its head, let’s shift the donation responsibility from processor or ISO to a consumer choice while showing there is a better charitable partnering solution.

By shifting the responsibility, you will find that all the risks mentioned in the above paragraph vanish when administered properly by the right company with the right solution.

The Consumer is the Key

Consumer facing solutions are typically called “Point of Sale Micro Donations” and give the consumer the option of making a small donation at the point of sale

¹<http://www.causemarketingforum.com/site/apps/nlnet/content2.aspx?c=bkLUKcOTLkK4E&b=6415417&ct=8951489>

²NY Executive Law § 171-a

during a face-to-face retail purchase transaction. The donation amounts on the terminal typically range from one to three dollars hence the name “Point of Sale Micro Donations” and are in addition to the sale amount. Through payment industry research, we have found that while a few “Give Back” programs have had some success, most have dwindled away over time while consumer facing solutions have been sustainable year after year and have raised hundreds of millions of dollars for the likes of St Jude’s Children Hospital, Susan G. Komen For the Cure Foundation, and LiveStrong to cite a few.

A consumer facing micro donation program is a great way for processors, ISOs, VARs, Financial Institutions and Retailers of all kinds to partner with local and/or national charities. These programs when marketed properly generate quality leads, open doors, give charities additional profile, drive incremental residual revenue and help retail merchants build relationships with their communities.

What Are We to Do?

If you’re a retail business or payment processing company considering a “point of sale micro donation” solution, you should first establish that the program administrator has all the regulatory registrations to conduct a consumer facing micro donation solicitation at the point of sale. There are strict compliance requirements with respect to solicitation laws around who controls the donation funds, when the charity gets paid, whether or not you or your administrator has an administration fee, proper donation disclosures at the point of sale, proper use of the charity’s name and so many other details that are established to protect consumer donations.

Doing Good.. By Doing Well.. Done Right

DonateWiseNow (DWN) is a *first-to-market* offering enabling micro-donations on a signature pad for small and mid-size merchants. Currently large retailers enable donations at the POS with a focus on one charity. DWN offers 9 charities on the signature pad, and enables discreet donations with no solicitation required by

employees. Consumers can donate a small amount, or 'round-up' their purchase amount.

DonateWiseNow is registered and bonded in all 50 states as an authorized third party fundraiser, and currently boasts over 60 Non-Profit brands from major national brands to local charities requested by individual merchants.

The offering includes a unique portal for Non-Profit Organizations (NPO's) to view geographically and by merchant the origin of each donation. The ISO distributor can track through their own Admin Portal total volume, merchants, and donation rates by merchant.

Now Let's Do the Numbers

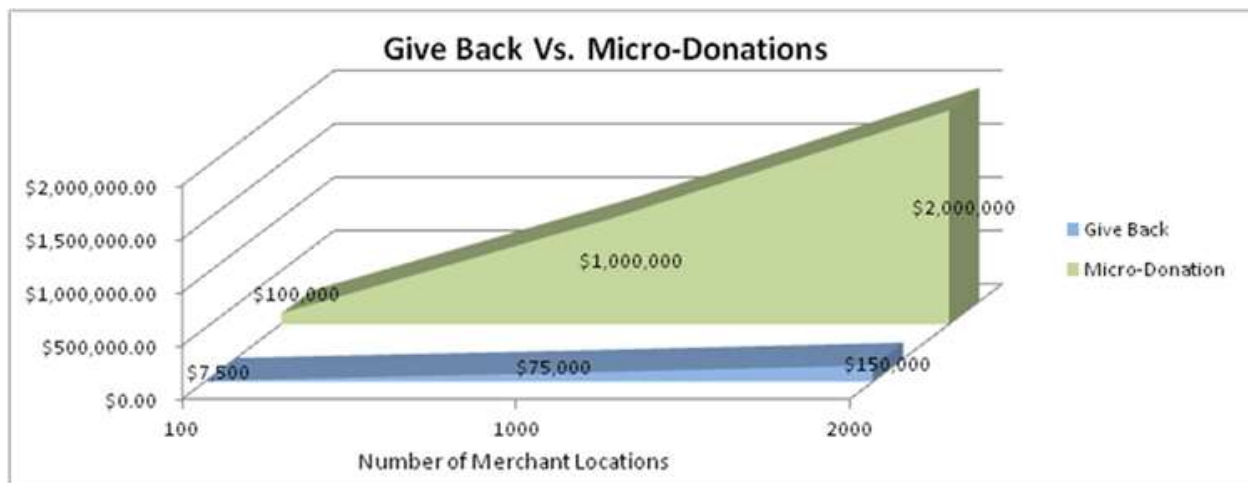


Illustration: The projected donation amounts are based on a typical "Give Back" program at 5 bps of merchant processing volume vs. a point of sale micro donation program with a consumer conversion rate of 25% and a 2.00 average donation.

A new Value Proposition

In a commoditized industry, DonateWiseNow gives

- ✓ Sales agents a new means of opening doors and adding value to their merchants. Live testing in 3 states proves merchants can be wooed with matched pricing when DWN is offered.
- ✓ ISO's another revenue stream based on donation volume.

- ✓ Merchants a vehicle to enhance their brand image with local customers and the community.
- ✓ Non-profits a new means of fundraising, using no volunteers, when national donation volume is at a new low.

Banks, Card Associations, and Processors have been under siege over fees levied on cardholders and merchants. DonateWiseNow is a positive “do good, feel good” offering that can bring a halo effect to the payments industry – with no incremental cost to the merchant. This product can touch the heart of the smallest merchant who has a favorite local charity and empower ISO sales agents who have their own favorite charities to champion.

For Further Information on DonateWiseNow for Integrated Point of Sales Systems:

Cynergy Data, LLC

#800.933.0064 x 5140