



## Placing Free Credit Card Terminals VS Leasing Credit Card Terminals

When you are selling POS solutions or looking for a partner company to work with, one of the major things that you will have to consider is whether you want to offer your customers free terminals or whether you want to offer them a leasing deal. As with so many other factors in this business, it really depends on the specific customer. You must spend some time examining their needs before you can decide which option to sell them. You will find that different merchants have different goals, as well as different amounts of capital that they can provide upfront.

You might also notice that, more and more, merchants will expect that at least their basic, entry-level terminals will be free to use. Lots of newer, innovative merchant service companies have taken to lending free equipment to their customers, as well as supporting the hardware and software for free, so you will want to take this into consideration as well.

Let's go over what these two options really are in a bit more detail:

### Free Terminals

“Free” isn't exactly accurate here, since the merchant doesn't really keep the equipment. Basically, they are allowed by the service provider to borrow the POS terminal at no charge until they end their contract, and then the equipment is returned. You can think of this as being similar to how many broadband Internet companies loan routers or modems to their customers, which are then returned when the customer terminates their service.

This is an easy option for many businesses, especially those that are just opening their doors, because it requires essentially no upfront cost. There are sometimes monthly fees tacked onto this option, such as the cost to insure the machine, but for the most part, the merchant pays a lot less than they would have if they opted to buy their own equipment. Since POS terminals can be expensive, this is not a bad option for you to suggest to very lean startups.

Always make sure that a partner company that you are signing up with has some kind of free terminal plan, since a lot of merchants will want this. “Free” is also not a very hard sell, so you might find that it will be easier to close deals with a loaned terminal. Your job is first and foremost to sell your clients on the merchant account, and you will want to do everything in your power to make it easier for them to use it—that means making it easy for them to get the terminal that they need.

### Leasing Terminals

With the popularity of free terminals, this has sort of fallen out of favor as of late, but it still has a certain amount of relevancy. Some merchants want to have their own equipment, and this could be for a number of reasons. Most commonly, a merchant may simply want to be able to switch service providers without going through the arduous process of re-learning how to use a completely new terminal.

Leasing terminals is not without its problems, however. Compared to simply buying a terminal outright, leasing one may actually be a raw deal for the merchant. Because they will be paying little by little for their equipment, they may not even notice that their money is trickling away over the course of months or years, and that they might end up paying five or ten times the market price for their POS system. It's nice to make small monthly payments, but as business owners, these merchants can't afford the delusion that those costs don't add

up.

On the other end of things, leasing equipment can make lots of money for an ISO and a sales agent. Just as those monthly fees add up for the merchant, they can add up for the agent, and leasing equipment can mean a handsome addition to ones residuals. The bigger question is, however, should you sell merchants on such an unfavorable deal?

In general, the answer is no. Now, not all leasing deals are bad. Some equipment is actually quite cost-effective, especially modern, more simple POS systems that are based on popular mobile operating systems and touch interfaces. The leasing options from popular service providers are sometimes quite fair. However, there are still a lot of merchant service companies in existence that use these tactics to rip off potential merchants, and it's best that you avoid associating with them.

Your goal should be to build a long-term, sustainable relationship with your merchants. After all, this is what is going to give you sustainable, long-term residuals month after month. Being honestly concerned with your merchant's problems and offering them the best solution is also what will get you repeat business whenever it is time for them to buy added value products and services. You will want to cultivate trust, and it is difficult for a merchant to trust you if they feel that you have been trying to take them for all they have right from the beginning.

That being said, there is nothing wrong with selling a fair leasing option to a merchant if that is what they honestly want. By all means, listen carefully to the client's needs, and if you feel that leasing a terminal is a better fit than providing one for free, then give them what they need.

Regardless of what option you ultimately decide to give to your merchants, remember that no terminal is the least bit useful if your clients don't know how to use it. Make sure to partner with a company that not only offers various terminal options for your clients, but that has great training material and customer service to get your customers up to speed. After all, the sooner they are using your terminals to take in revenue, the sooner both you and the merchant service company can start seeing a new income stream. Make sure that your clients get what they need from the beginning, and you will be rewarded with few complaints, a strong reputation, and a consistent stream of residuals trickling into your bank account every month.

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