

Key considerations when choosing a POS financing partner

Setting your business
up for success



Maximize profits with the right financing partner

In the rapidly evolving retail landscape, point-of-sale (POS) financing has emerged as a powerful tool for merchants looking to increase sales and provide multiple payment options to their customers. But with so many options available, selecting the right POS financing partner can be a daunting task.

If you want a POS financing partner that values both your success and your customers' satisfaction, use these insights to guide your decision.

Highlights

- 1 What is point-of-sale financing?
- 2 How does point-of-sale financing work?
- 3 What are the considerations when selecting a POS financing partner?
- 4 What are the benefits of offering POS financing?



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What is point-of-sale financing?

Point-of-sale financing is a payment option that allows customers to make purchases and spread the cost over time through installment payments. It is integrated into the checkout process at the point of sale, either in-store or online, making it convenient to apply and then complete the purchase seamlessly. By reducing the burden of a large one-time payment, POS financing can help customers get exactly what they need without delay.



Five main features of POS financing

1 Fast approval

Customers can enjoy quick approvals for financing, often within minutes, making it a feasible and convenient way for them to get what they need.

2 Payment plans

With POS financing, customers can pay for their merchandise in installments and minimize the constraints of a lump-sum payment.

3 Integration with retail transactions

Financing options are seamlessly integrated into the point-of-sale system, allowing customers to choose an option as they finalize their purchase.

4 Interest rates and terms

The terms and interest rates of POS financing can vary, depending on the provider and the agreement between the customer and the lender.

5 Digital efficiency

Many POS financing solutions leverage digital platforms for online applications and approvals, enhancing the customer experience with a streamlined process.

How does point-of-sale financing work?

The POS financing process varies depending on the provider you work with, but this what the typical journey looks like for the merchant and the customer.

How it works for merchants

Initial setup. The merchant and the financing partner collaborate to integrate the financing option into the merchant's existing POS system or ecommerce platform. This should be an easy, seamless process achieved through APIs or plugins that align with the merchant's technology.

Integration completion. Once the technical aspects are handled, the integration is complete, and the financing option is now a part of the merchant's checkout process.

Training. The financing partner provides training to the merchant on how to navigate the system, manage customer applications, and track financing transactions. This ensures that the merchant is comfortable with the new addition to their sales process.

Marketing. The merchant may receive marketing materials from the financing partner. This helps in promoting the new financing option to customers, ensuring they are aware of their increased shopping power.

Continuous support. Throughout this process, and even after the launch, the financing partner should provide comprehensive support to ensure a smooth and successful experience for the merchant.

How it works for customers

- 1 A customer is ready to check out and wants to use your financing option.
- 2 They apply, online or in-store, using their smartphone or an in-store computer.
- 3 If they're approved, the provider informs them of their maximum amount along with checkout instructions.
- 4 The customer completes their transaction and takes home the financed merchandise.
- 5 The customer makes regular payments over time to the financing provider until their account is paid in full.

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What are the considerations when selecting a POS financing partner?

When done right, POS financing can be a win-win for retailers and customers. That's why selecting the right one is so crucial. Let's explore six key things to consider, so you can confidently evaluate potential partners. Then, make use of our handy checklist to easily navigate the selection process. Get ready to make an informed decision and find the perfect fit for your business.

What are the approval rates?

Approval rates are a critical metric for evaluating the effectiveness of financing in serving your customer base. Look for partners equipped with sophisticated underwriting technology and analytics to maximize approval rates. By ensuring a high chance of approval for potential customers, you can optimize sales conversion and revenue generation.

What's the application experience like?

In today's digital age, customers expect a seamless and user-friendly application experience, especially when it comes to financing. Assess potential partners' application processes, focusing on factors such as mobile accessibility,



application length, and clarity of terms. A streamlined application process enhances customer satisfaction and minimizes missed sales, driving positive outcomes for your business.

Is there seamless integration and stellar support?

The technical aspect of integrating a POS financing solution can seem daunting. But the right partner makes this process seamless. Do they require special equipment, or can their platform easily integrate with your existing POS system? An effortless integration process means less downtime and more time focusing on what matters – your customers.

Training and support are equally crucial. Onboarding training for you and your team is a minimum. But what about ongoing support? Ensure your prospective partner offers robust support services to address any issues swiftly. Additionally, partners that give access to regular performance reports can help you measure the impact of offering POS financing on your sales and customer satisfaction levels.



Do they have omnichannel capabilities?

If you're an ecommerce merchant, evaluating the financing provider's capabilities in offering both in-store and online options is essential for meeting customer expectations and maximizing sales. By aligning with partners experienced in omnichannel financing, you can deliver a cohesive customer experience across all touchpoints.

Are there any marketing services?

Beyond just increasing sales, a good POS financing partner should help you reach more customers and build loyalty. Consider whether they provide marketing support, materials, or campaigns to attract new customers and encourage repeat business. By partnering with a provider who actively supports your marketing efforts, you can maximize your reach.

Are they committed to my customers?

Any POS financing option you offer becomes a part of your customers' journey, so it's vital to choose a partner that values customer satisfaction as much as you do. Investigate the customer service they provide, including response times and resolution effectiveness. Online reviews and ratings can offer insights into other people's experiences with the partner.

The ultimate checklist for choosing your POS financing provider

1 How do they contribute to boosting my business and increasing sales?

- ☐ Inquire about their strategies and tools to enhance sales performance
- ☐ Assess their level of investment in your business's success
- ☐ Evaluate the ease or difficulty of their onboarding process
- ☐ Determine if any special equipment is required for integration

2 What support do they offer for ongoing success?

- ☐ Explore the training and support options provided, both initially and over time
- ☐ Ask about the availability of reports to measure the success of the financing program
- ☐ Consider how their approach makes you feel as a partner

3 How can they help me reach more customers and increase sales?

- ☐ Inquire about any marketing support or campaigns they offer to build awareness and customer loyalty
- ☐ Discuss ways to measure the effectiveness of their marketing efforts

4 Is their service aligned with my business needs?

- ☐ Assess their approval rates and how they align with the products or services you offer
- ☐ Determine if they provide ecommerce solutions if you operate an online store

5 What is their commitment to customer satisfaction?

- ☐ Familiarize yourself with their customer journey and how they support customers throughout the financing process
- ☐ Evaluate the quality of their customer service and their overall reputation and ratings





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What are the benefits of offering POS financing?

More and more shoppers are choosing POS financing as a way to pay. In recent years, 50 million U.S. consumers have leveraged the buy now, pay later (BNPL) POS option.¹ This represents a massive opportunity for retailers. If you're considering offering POS financing, there are numerous benefits to consider – for your business and your customers. Let's take a closer look.

Elevates the customer experience

At its core, POS financing revolves around providing customers with convenient payment options at the moment of purchase. Here are some ways this approach to purchasing can significantly elevate the customer experience.

Empowers choice. Customers appreciate the ability to choose how they pay. By offering installment payments, you're giving them more control over their budget.

Reduces friction. The checkout process becomes smoother and faster when customers can quickly secure financing without leaving your site or store.

Boosts confidence. Knowing that financing options are available can encourage customers to make purchases they may have otherwise deferred.

BNPL options increase the likelihood of a sale by 20% to 30% and boost the average price paid up to 50%¹

Drives sales and revenue growth

Implementing POS financing into your payment options can be an incredible catalyst for sales growth. Here's how.

Increased conversion rates. Eliminating financial barriers at the point of sale can turn more browsers into buyers.

Higher average order values. Customers are more likely to add items to their cart if they know they can spread the cost over time.

58% of credit-challenged consumers spent more because financing was available²

Access to new customer segments. Offering financing can attract customers who might not have the means to pay in full upfront or the credit score to qualify for traditional financing.

If a store had no financing options available, 44% of consumers with lower credit scores would go to a different one²



Enhances brand loyalty

Brand loyalty is essential for driving growth. Here's how POS financing can help you build it.

Drives repeat customers. A positive experience with a financing option can bring customers back to your store for future purchases.

Fosters trust. Transparent financing options can enhance customers' trust in your brand.

Offers a competitive edge in the market

In a marketplace where differentiation is key, POS financing can set your business apart.

Meets customer expectations. With many consumers expecting multiple payment options, offering POS financing can meet these demands head-on.

Attracts attention. Offering something desirable like POS financing can generate buzz and attract new customers through word of mouth or social sharing.



Streamlines operations

Beyond the direct impact on sales and customer satisfaction, POS financing can also streamline your business operations.

Removes risk of defaults. A good POS financing provider takes on the risk of non-payment, so you can enjoy peace of mind.

Efficient transaction processes. Integrated POS financing solutions can reduce manual work, making transactions quicker and reducing operational overhead.

Insights and analytics. Some POS financing platforms offer on-demand reporting and analytics, providing valuable insights to help you grow your business even more.



Unlock the full potential of POS financing for your business

Selecting the right POS financing partner is a strategic decision that can significantly influence your business's growth and customer satisfaction levels. It's not just about offering another way to pay. It's about creating a positive shopping experience that resonates with today's consumer. By carefully considering how a partner can boost your business, support your goals, align with your products, and commit to your customers' happiness, you'll be well-positioned to make an informed choice.



About Snap Finance

Snap Finance harnesses the power of data to empower consumers of all credit types to get what they need. Launched in 2012, Snap's technology brings together more than a decade of data, machine learning, and nontraditional risk variables to create a proprietary decisioning platform that looks at each customer through a more holistic, human lens. Snap's flexible lease-to-own and loan solutions are changing the face and pace of consumer retail finance.

For more information, visit [Snap Finance](#).

Sources

¹ ["Retailers Say BNPL Boosts Sales, Consumers Say It Keeps Them Coming Back."](#) PYMNTS, November 23, 2022.

² ["Tapping in to an Untapped Market."](#) Proprietary research conducted through Accelerant Research's Agora panel with 1,034 U.S. consumers. Snap Finance, July 2023.