

# Unlocking Profit Potential:

How Hospitality Businesses Can Improve Their Bottom Line with Banking and Merchant Services Cost Benchmarking



**BANKBROKERS**  
*beyond benchmarking*

# Unlocking Profit Potential

## How Hospitality Businesses Can Improve Their Bottom Line with Banking and Merchant Services Cost Benchmarking



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In the wake of the pandemic, the hospitality industry grapples with the dual challenges of reviving customer demand and mitigating the impact of mounting inflationary pressures. While attention often centres on these pressing issues, one critical aspect frequently goes unnoticed: optimising banking and merchant services costs. Surprisingly, many hospitality businesses remain unaware of how much their profitability is impacted by excessive payment processing fees and that solutions are at hand to fix this issue.

Enter benchmarking—a powerful tool that unveils the hidden areas where hospitality businesses overpay, facilitates negotiations for better rates, streamlines payment

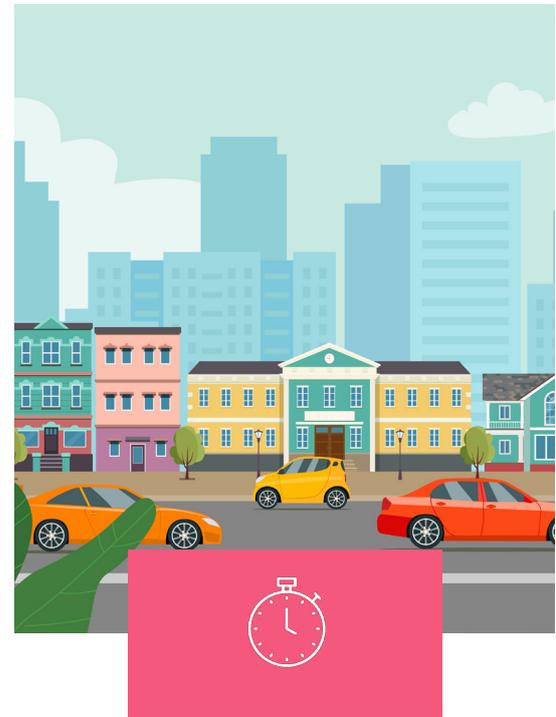
methods, and bolsters cash flow. On average, 80% of companies that use Bankbrokers benchmarking services and data improve merchant services costs without moving providers.

In this article, we delve deep into the realm of benchmarking, shedding light on how CFOs and their teams in the hospitality sector can harness its potential to significantly reduce banking and merchant services costs. Also, we will highlight the four key steps all hospitality businesses should take to benchmark and reduce hospitality costs, together with a case study of how The Institute of Hospitality achieved success.

## USING BENCHMARKING DATA TO NEGOTIATE BETTER TERMS

Many hospitality businesses are unaware they are paying too much for payment processing services. They are often too busy running their businesses to dedicate time to research and compare costs across different payment service providers. However, obtaining and using benchmarking data that covers a wide range of hospitality businesses can fix this and help to quickly identify opportunities to reduce payment processing costs.

For example, conducting regular benchmarking analyses allows hospitality businesses to compare their payment processing costs with industry averages and identify where they are overpaying. Armed with this information, they can negotiate better rates with existing payment service providers, optimise payment methods, and reduce payment processing fees.



## IMPROVING CASH FLOW



Accurate benchmarking can help businesses optimise payment methods and reduce payment processing fees, which can significantly impact cash flow. Hospitality businesses often have margin pressure, so any opportunity to reduce costs and improve cash flow is essential.

By optimising payment methods, businesses

can speed up payment processing times, which can help them get paid faster and improve their cash flow.

Faster payment processing also means better customer service, which is increasingly important in the hospitality industry.

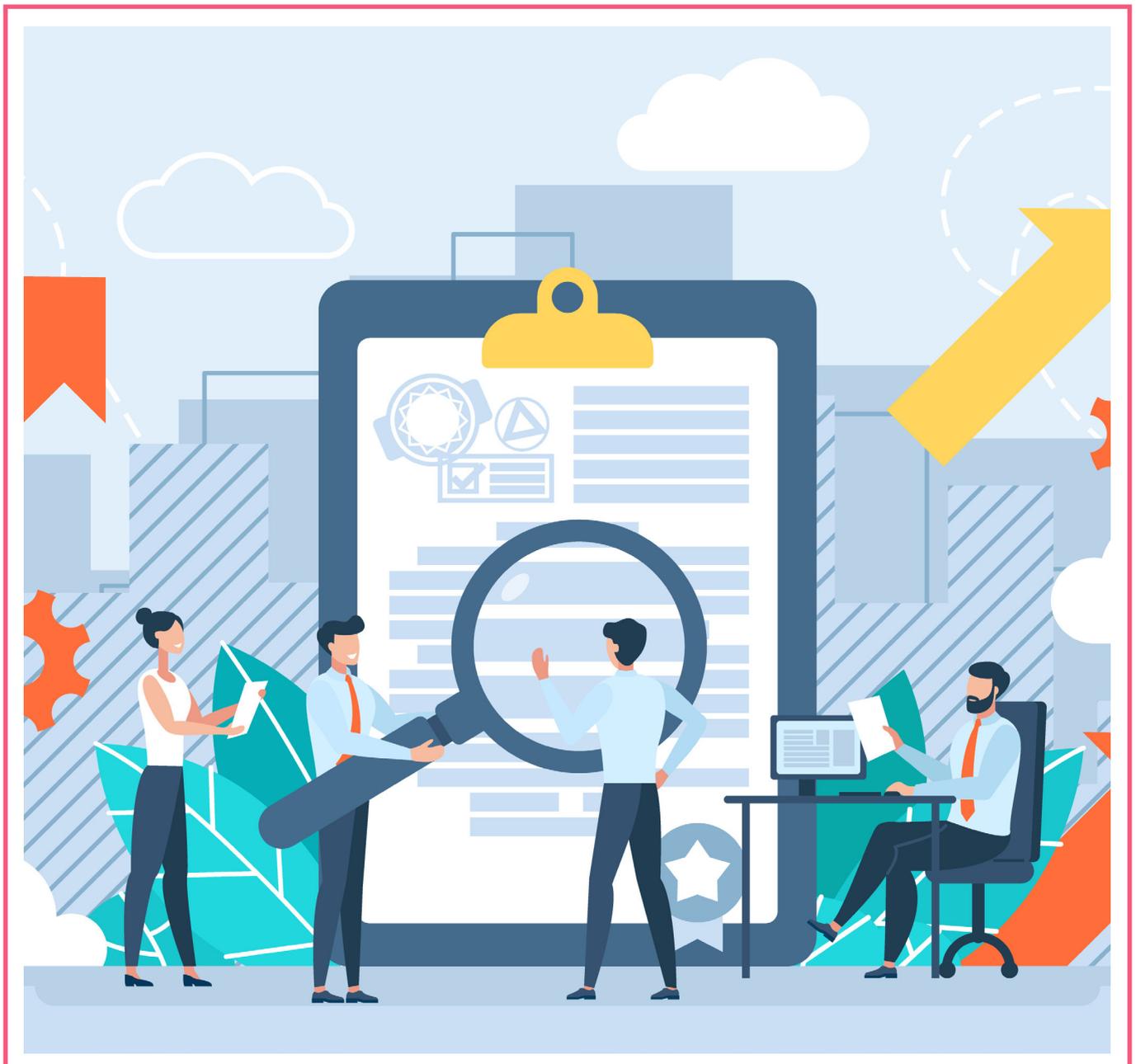


**PAYMENT  
PROCESSING**

## IMPROVING OPERATIONAL EFFICIENCY

Payment processing is a critical part of the hospitality sector, and streamlining payment processing workflows can significantly impact labour costs and customer service. Benchmarking can help businesses identify areas where they can optimise processes, reduce labour costs, and improve customer service.

By automating payment processing workflows, businesses can reduce processing times, minimise errors, and free up staff to focus on other tasks. This can lead to improved efficiency, and increased profitability can often be achieved without moving providers.



## FOUR KEY STEPS HOSPITALITY BUSINESSES SHOULD TAKE

There are several steps that businesses can take to benchmark merchant services costs and reduce them:

# 1



### GATHER DATA

The first step in merchant services benchmarking is gathering data on your current rates and fees. This information should include your merchant account type (e.g., retail, e-commerce, mobile). Also, the monthly or annual fees for your merchant account and the percentage of each transaction charged as a processing fee. In addition, any additional fees, such as monthly minimums or PCI compliance fees.

# 2



### COMPARE

Compare your rates to industry standards. Once you have gathered data on your current merchant services rates and fees, you can compare them to industry standards. There are several resources available to help you do this, and businesses such as Bankbrokers maintain comprehensive benchmarks that can be used to provide clarity and cost-saving analysis.

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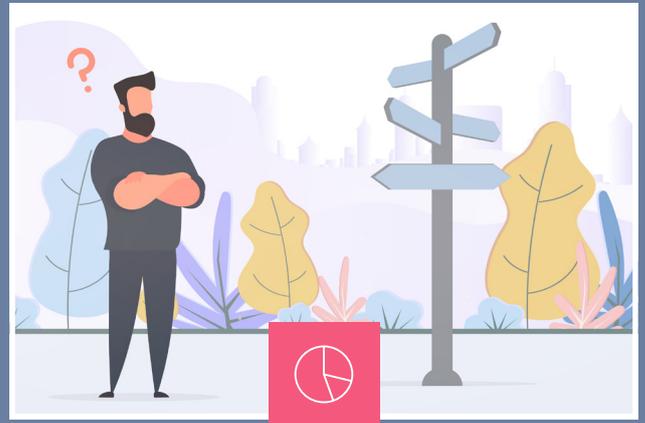
# 3



### NEGOTIATE

Negotiate with your current provider. Once you have identified areas where you may be overpaying for your merchant services, you can start negotiating with your current provider. You may get a lower rate by agreeing to a longer contract term or increasing your monthly or annual volume. Working with experts can help with these discussions and provide better results.

# 4



### SWITCH

Switch to a new provider. If you cannot negotiate a better rate with your current provider, you may want to consider switching to a new one. In this case, benchmarking data can help to quickly identify these options and clearly highlight the cost benefits of changing.

## CASE STUDY

### Institute of Hospitality (IOH)

Robert Richardson FIH MI, CEO Institute of Hospitality (IOH), shares how Bankbrokers UK & Ireland helped to reduce merchant services costs for the Institute of Hospitality by 50%.



*"Bankbrokers was recommended to me by the Editor of Hospitality and Catering News, Denis Sheehan, as a trusted advisor to the industry. As the General Manager of a large hotel in Kent, I gave Bankbrokers a mandate to benchmark and renegotiate our merchant services arrangements. They did a fantastic job and reduced our annual costs of taking client payments by almost 30%.*

*When I became CEO of the Institute of Hospitality, I gave them the same brief: save the organisation money without the overhead of changing providers. So I was absolutely delighted to see them deliver the same result again - this time reducing the Institute's costs by a whopping 50%.*

*Bankbrokers UK & Ireland did all the work. They kept my Finance team and me fully informed. But I didn't have to do anything apart from give them the brief and the authority to benchmark and renegotiate on our behalf."*

### BRINGING IT ALL TOGETHER

Benchmarking and finding options to lower costs is a straightforward way to combat inflationary pressures and pave the way for improved profitability, often without needing to move providers.

By regularly analysing payment processing costs and comparing them with industry averages, businesses can identify areas where they are paying too much, negotiate better rates with payment service providers, streamline payment processing workflows, and improve customer service.

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