

Cashback

Payment card benefit that refunds the cardholder a small percentage of the amount spent on a particular purchase. It is an effective way to incentivize spending and reward customers for their loyalty.

- [Article](#)
 - [Cashback - Boost Customer Loyalty and Spending](#)
- [Introduction](#)
- [Overview](#)

Article

You can find more knowledge about products on this site.

Cashback - Boost Customer Loyalty and Spending

In today's competitive financial landscape, cashback has emerged as a game-changing strategy for businesses looking to attract and retain customers. But what exactly is cashback, and why should your company consider implementing it? Let's dive into the world of cashback and explore its benefits and versatile applications.

Why Should We Use Cashback?

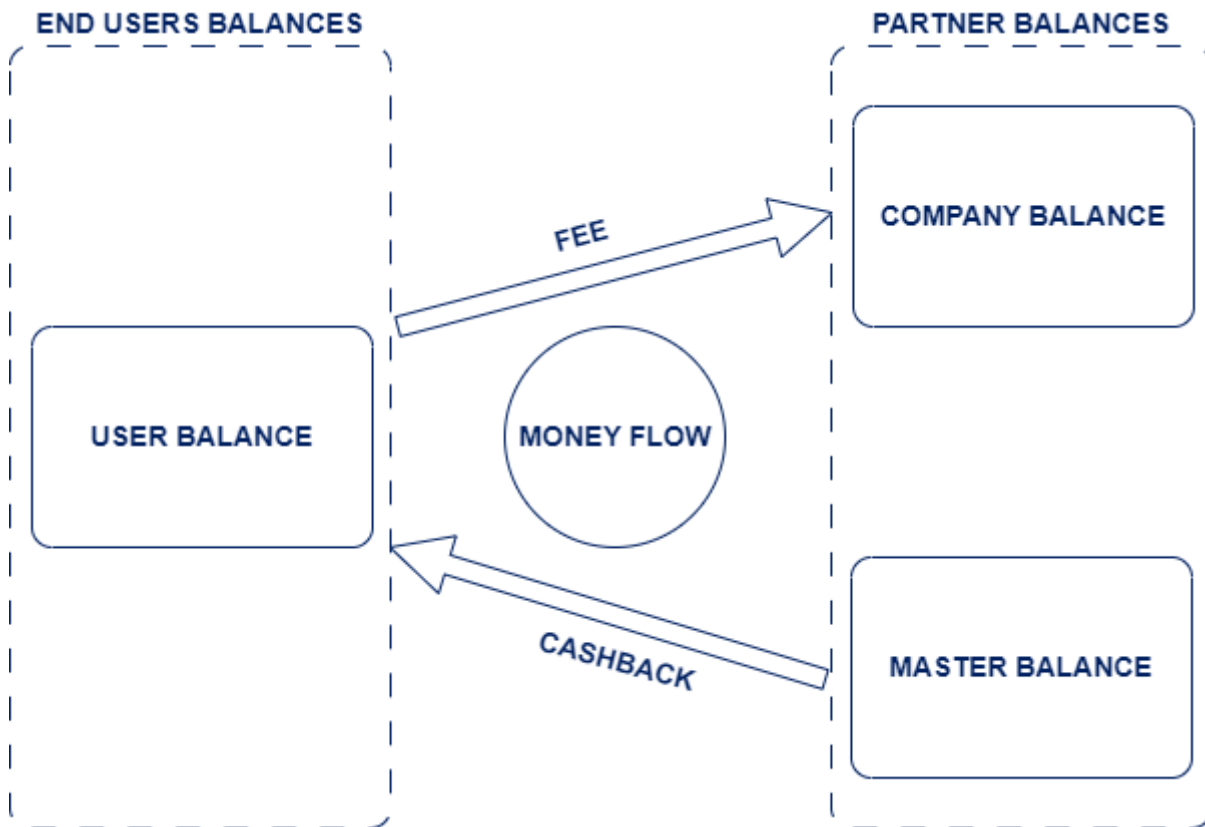
Cashback is more than just a perk – it's a powerful tool that can transform your business. Here's why:

1. **Enhance Customer Loyalty:** By offering a percentage of money back on purchases, you create a compelling reason for customers to choose your service over competitors. This incentive encourages repeat business and fosters long-term relationships.
2. **Boost Customer Spending:** The prospect of earning cashback motivates customers to spend more. It's a win-win situation: customers feel they're getting more value, while your business sees increased revenue.
3. **Gain a Competitive Edge:** In a crowded marketplace, cashback can be the differentiator that sets your product apart. It's an attractive benefit that can sway potential customers in your favor.
4. **Real-Time Gratification:** With immediate calculation and allocation of cashback after transactions, customers experience instant rewards, reinforcing positive associations with your brand.
5. **Flexible and Customizable:** Cashback programs can be tailored to suit your business model and customer preferences, allowing for targeted promotions and strategic incentives.

Cashback & fees money flow

Cashback is an internal transaction for a partner who wants to **top up** the **user's balance** as part of the loyalty program.

Our card & balances management system (Antaca) automatically **debits** the **masterbalance** with this transaction.



Cashback Rules: How to Maximize Your Rewards

The true power of cashback lies in its flexibility. Here are some innovative rules and use cases you can implement:

1. **Percentage-Based Rewards:** Offer a consistent cashback percentage on all purchases (flat rate), such as 0.5% cashback on every transaction. Alternatively, implement tiered rates to reward bigger spenders, like 0.2% for transactions up to \$100, and 0.5% for transactions over \$100.
2. **Fixed Amount Rewards:** Provide a fixed cashback amount for each qualifying transaction, regardless of the purchase amount. You can also offer different fixed cashback amounts based on transaction value ranges.
3. **Merchant-Specific Cashback:** Boost partnerships by offering higher cashback rates for specific merchants. For example, 2% cashback on purchases from your partner stores.
4. **Category-Based Rewards:** Encourage spending in particular sectors by offering higher cashback rates for specific transaction categories. For instance, 3% cashback on all bookstore purchases (MCC code 5942).
5. **Payment Method Incentives:** Promote certain payment methods by offering higher cashback rates. For example, 0.5% extra cashback for transactions made with Samsung Pay.
6. **Geographical Targeting:** Encourage local or international spending with location-based cashback rules. Offer 1% cashback on all transactions made within the EU.
7. **Currency-Specific Rewards:** Incentivize transactions in specific currencies, such as offering 0.75% cashback on all USD transactions.
8. **Time-Limited Promotions:** Create urgency with limited-time cashback offers. For example, double cashback rates during holiday shopping seasons.

9. **Cumulative Rewards:** Reward loyal customers with increasing cashback rates based on their total spend over time. For instance, unlock 1% cashback after \$1000 in total purchases.

Cumulative Rewards feature needs implementation.

How to implement cashback?

Please feel free to contact us and we will setup various cashback rules on Verestro platform for you.

Please make sure you build your cashback network with partners, merchants etc.
It is not part of our responsibilities at the moment.

[Kamil Szalast](#)

Introduction

Cashback is a payment card benefit that refunds the cardholder a small percentage of the amount spent on a particular purchase. It is an effective way to incentivize spending and reward customers for their loyalty.

Purpose of the documentation

This documentation provides detailed information about the Cashback product, including its features, use cases, and technical specifications. It aims to assist developers and stakeholders in understanding how to integrate and utilize the Cashback product effectively.

Target audience

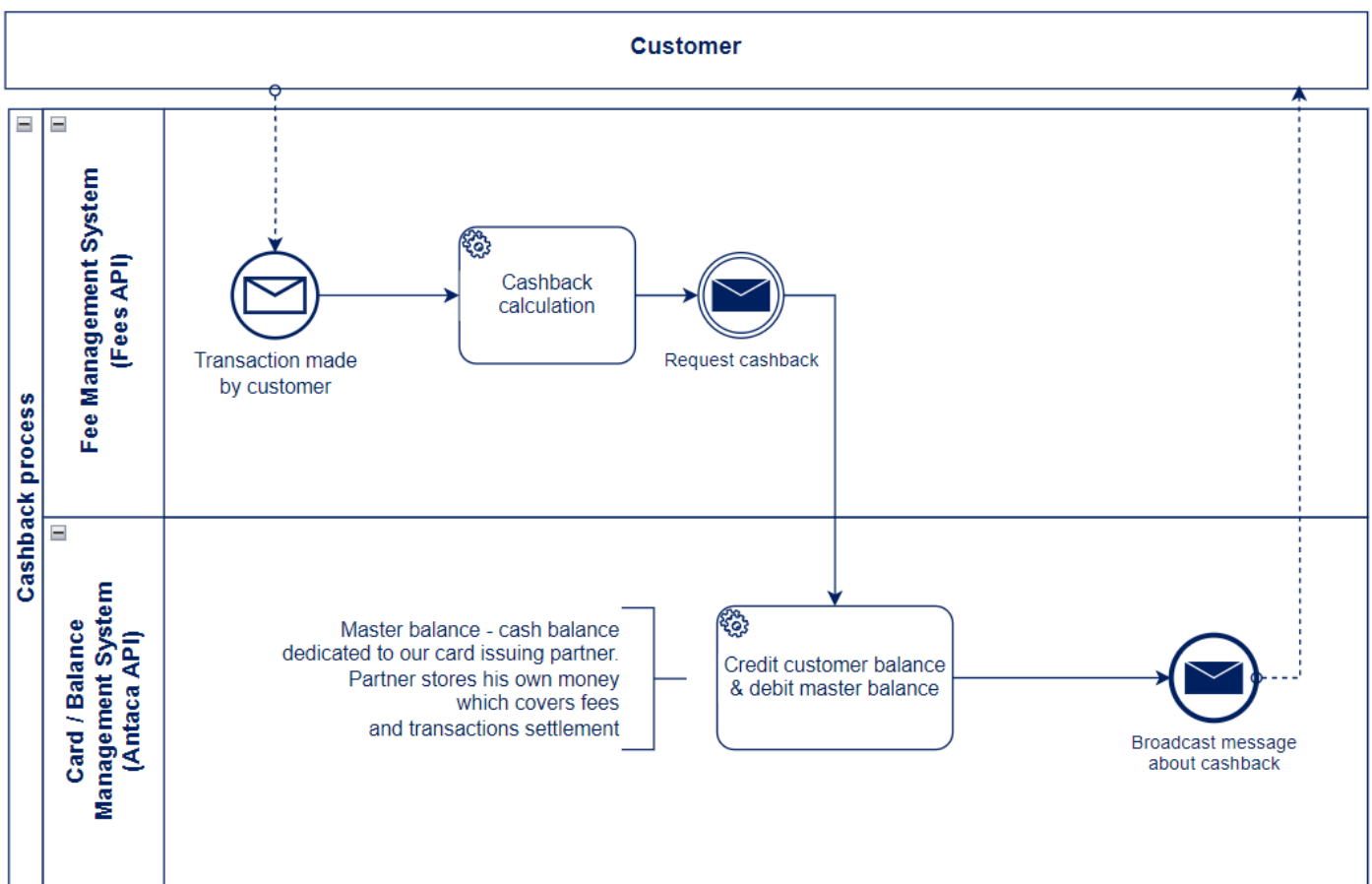
The primary audience for this documentation includes developers, product managers, and technical stakeholders who are involved in integrating or managing the Cashback product within their systems.

Overview

Cashback is a financial incentive where cardholders receive a percentage of the money they spend back as a reward. This refund is typically credited to their account or card balance.

How cashback works?

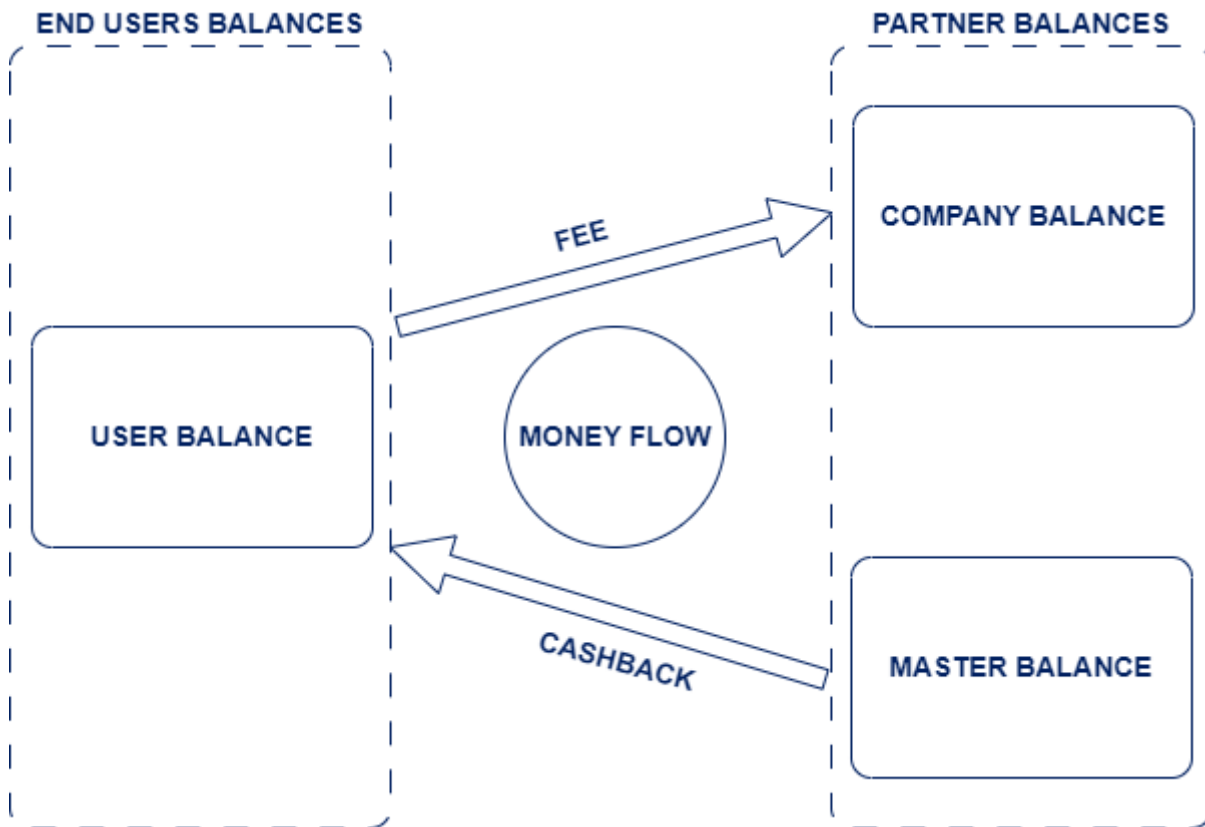
When a cardholder makes a purchase using their payment card, a predetermined percentage of the transaction amount is refunded to them as cashback. For instance, if a cardholder spends \$200 and the cashback rate is 2%, they will receive \$4 as cashback.



Cashback money flow

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Our card & balances management system (Antaca) automatically **debits** the **masterbalance** with this transaction.



Benefits of using cashback

- **Customer Loyalty:** Encourages repeat purchases and enhances customer loyalty.
- **Increased Spending:** Motivates customers to spend more to earn cashback.
- **Competitive Edge:** Offers an attractive benefit that can differentiate your product from competitors.

Key features of the cashback

- **Customizable Rules:** Create specific cashback rules such as minimum transaction amounts.
- **Real-Time Processing:** Immediate calculation and allocation of cashback after transactions.
- **Secure and Scalable:** Robust security measures and scalable architecture to handle large volumes of transactions.

Common scenarios for cashback usage

Online shopping

- **Scenario:** A customer makes a purchase on an e-commerce platform.
- **Process:** The transaction amount is checked against the cashback rules, and the applicable cashback is credited to the customer's account.

In-store purchases

- **Scenario:** A customer uses their payment card at a physical retail store.
- **Process:** Similar to online shopping, the transaction is processed, and cashback is calculated and credited in real time.

Subscription services

- **Scenario:** A customer subscribes to a monthly service such as streaming or software.
- **Process:** Each recurring transaction is evaluated for cashback eligibility based on the defined rules.

Cashback Calculation Models

The cashback amount can be calculated in various ways as described below. We can distinguish between two fee calculation models: percentage and fixed.

Percentage price models

	Percentage Flat Rate	Percentage Tiered Rate	Decimal Fraction Flat Rate
Description	"x" % of the transaction value	"x" % of the transaction value for transactions > 100 USD "y" % of the transaction value for transactions <= 100 USD	A fraction of the transaction value after the decimal point
Example cashback amount	0,5% * 125 USD transaction = 0,62 USD	0,5% * 125 USD transaction = 0,62 USD 0,2% * 95 USD transaction = 0,19 USD	0,45 USD when transaction value was 125,45 USD
Status	Possible	Possible	Requires development

Important! Decimal Fraction Flat Rate calculation model requires development.

Fixed price models

	Fixed Flat Rate	Fixed Tiered Rate
Description	"x" USD per transaction	"x" USD of the transaction value for transactions > 100 USD "y" USD of the transaction value for transactions <= 100 USD

	Fixed Flat Rate	Fixed Tiered Rate
Example cashback amount	0,05 USD	0,05 USD for 150 USD transaction 0,02 USD for 75 USD transaction
Status	Possible	Possible

Cashback Trigger Models

This section describes the moment when cashback is executed.

	Instant	Periodic	Manual
Description	Automatically after the transaction occurs	Once per specified period (daily, weekly, monthly, quarterly, yearly)	Triggered manually by the user in the app (or via API)
Status	Possible	Requires development	Requires development

Important! Periodic and Manual triggering models require development.

Cashback Payout Conditions

This section describes the rules that define whether cashback should be issued for a given transaction. These rules allow you to specify the conditions that must be met for cashback to be paid out, taking into account transaction data (merchant ID, transaction category, transaction amount, etc.).

Transaction/cashback amount conditions

	Single transaction amount	Cashback amount	Sum of transactions amount in specified period
Description	Cashback only if the transaction amount is greater/less than "x" USD	Cashback only if the cashback amount does not exceed/exceeds "x" USD	Cashback once per specified period if the total transaction amount within that period is greater/less than "x" USD
Status	Possible	Requires development	Requires development

Important! Cashback amount and Sum of transactions amount in specified period require development.

Transaction data conditions

The product can calculate cashback based on specific transaction data. Below are the specific elements according to which we can define cashback rules.

	Merchant identifier	MCC Code	Capture mode	Wallet type
Description	Cashback based on the specific merchant or set of merchants.	Cashback based on the transaction category or set of categories.	Cashback based on method of payment.	Cashback based on digital wallet used for the transaction.
Example cashback behavior	0,5% cashback on transactions made at Ikea merchant	0,2% cashback on transactions made at book stores (MCC: 5942)	0,25% cashback on transactions made onsite	0,01% cashback on transactions made with Samsung Pay

	Transaction type	Country	Currency
Description	Cashback based on the specific transaction type (POS, ATM, eCommerce)	Cashback based on the transaction country	Cashback based on the transaction currency
Example cashback behavior	0,3% cashback on eCommerce transactions.	0,02% cashback on transactions made inside the EU.	0,04% cashback on transactions made in USD.

If multiple cashback conditions are defined, each condition must be met for cashback to be awarded.

Example cashback definitions:

0,05% cashback on transactions made at **Ikea merchant**, which have **value greater than 50 USD**, and are **made onsite with Samsung Pay** wallet.