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## Preparing Your Credit Card Processing Residual Portfolio for Sale

### Optimize Your Book of Business Now Get More Money When it's Time to Sell

There are a number of short- and long-term activities that can and should be done to maximize portfolio valuation and ensure a smooth sales process:

#### **SHORT-TERM (12 MONTHS OR LESS)**

**Regulatory Compliance** - Ensure all merchant accounts utilizing surcharge, cash discount or dual pricing models comply with current regulations to avoid potential legal issues and/or penalties.

**Profitability** - Evaluate all accounts, including non-processing ones, to ensure they contribute positively to residual income. Negative residuals should be addressed or removed from the portfolio.

**Documentation** - Gather 12 months of residual statements and review your agent or ISO agreement along with any addendums. This documentation is crucial for potential buyers to assess portfolio performance and contractual obligations.

#### **LONG-TERM (1-3 YEARS)**

**Portfolio Consolidation** - Board a significant portion of business on just one or two portfolios. Multiple books increase complexity and may require separate sales, while consolidating can both enhance valuation and simplify the transaction.

**Competitive Pricing & Servicing** - Price merchant services competitively and provide excellent customer service to improve retention rates. Low attrition enhances portfolio value and attractiveness to potential buyers as they know the residual stream won't fall off rapidly.

**Portfolio Balance** - Ensure your portfolio is not top-heavy, or overly reliant on a small number of high-value merchants. Diversify your client base to reduce residual risk and increase the portfolio's stability and attractiveness to buyers.

**Portfolio Diversity** - For larger merchant portfolios, diversity by industry type, geographical location and services provided offer lower levels of risk for your business as you scale and to future potential buyers.

Careful planning and preparation are essential before trying to sell a credit card processing residual portfolio, especially since it typically is a significant financial transaction. Implementing the recommended tactics listed above can maximize portfolio value, facilitate a successful sale transaction and ensure a seamless transition for both sellers and buyers.



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To learn more about merchant portfolio residual sales or to obtain a buyout valuation, please telephone +1.615.451.4096 or email [acquisitions@cutterfinancial.com](mailto:acquisitions@cutterfinancial.com).