

Why XERA mPOS?

Fast Tab Pre-authorization

The Scenario

There is probably not a bar in the world that does not run tabs for their patrons. This is simply a part of the daily business of bar operations everywhere. A cash bar works but a bar tab just increases sales to the point of profitability.

The problem is running a tab with a credit card. Too often the card is good but only to a small amount or simply bad to begin with. There is really no way to know this without pre-authorizing the card.

To pre-authorize the card takes several steps on some POS systems. The server must sign on, open a check, ring the items, start the tab by typing in the customer name and then swipe the card to see if it is good.

But how much to pre-authorize for? Do you just want to see if the card is good? Then pre-authorize for a penny. Is there an amount larger than that that you would like to authorize for? \$10, \$20 or more if this is for a larger party?

The Solution

XERA mPOS takes a different approach by taking steps out of the pre-authorization process and by giving the restaurant/bar owner more options.

To start a tab all the server must do is swipe the card. XERA mPOS will read the cardholder's name and open a tab in their name. XERA will also read the card type and number and pre-authorize for up to 5 preset amounts established by the owner PLUS the option to enter an open amount for the authorization. Of course a ceiling amount can be set to keep the server from authorizing an amount too large.

The 5 preset amounts vary and can be applied based on how many guests are in the party or the type of the operation or event. Occasions where there is a televised ballgame that is going to last for a couple of hours the estimated tab may be larger than a casual night. In situations like this a larger preset amount may be a wise selection.

Programming Flexibility Available

There are several programming options for the Fast Tab Pre-authorization that bring added flexibility and control to this feature:

1. Use this feature or not. (XERA does not require the feature to be used.)
2. Make Fast Tab Pre-authorization required for every transaction
3. Allow presets for cash tabs. (Helps manage cash tabs so they don't outgrow the customer's wallet.)
4. Limit sales for the tab to the amount authorized. (This is the highest level of security. Requires another authorization to exceed the authorized amount.)
5. Allow sales for the tab to exceed the authorized amount. (Perfect when you pre-authorize for a penny just to verify that the card is good.)
6. Allow cash to be accepted to pay the tab even though a credit card has been pre-authorized.

The Conclusion

This feature has already proven to be one of the most valuable in XERA for stopping losses. Even if only used to check to see if the cards being submitted to start tabs are good.

At a recent private opening of a piano bar for the contractors who built the bar and special guests there were over 10% of the cards swiped were bad cards. Only pre-authorizing the cards caught these problems and prevented problems at checkout or outright theft.

Some will argue that pre-authorizing debit cards places a hold for that amount on the card even though a lesser amount was actually finalized. This is true and is not something XERA or the processor does. This is the issuing bank doing this. If the bar does not wish to anger customers with debit cards then pre-authorize for a penny. At least then you know that the card is actually a good card and not stolen, overdrawn or from a closed account.