



IDAL

INVEST IN LEBANON

CHOOSING
YOUR
**PAYMENT
METHOD**

BSU
BUSINESS
SUPPORT
UNIT

PAYMENT



CHOOSING YOUR PAYMENT METHOD

Choosing a payment method is of great importance since it is related to customer's preferences and strategic business needs.

Upon launching a business, a decision regarding payment collection from clients should be taken. The type of collection should be in the business finances best interest regarding cash flows and future obligations. It is recommended to be reviewed periodically to insure business interests are met.

Examples of payment methods include the following:

- Cash
- Checks
- Credit and debit card payments
- Direct debit payments-domiciliation (توطين فاتورة كهرباء/هاتف)
- POS payments
- Online payments
- Bank Transfers
- Bitcoin and digital currencies – Not yet considered Legal currency

Payment methods should be chosen based on the business's interest. Each type has advantages and disadvantages and no payment method is considered as best. Choosing a method should be done taking into consideration customer preference and business operations.

I. CASH PAYMENTS

A cash payment refers to when customers pay using physical currency, such as notes and coins. Lebanese Pounds and U.S Dollars are accepted currencies in Lebanon.

You need to make sure before finalizing a sale if there is a legal obligation to accept Lebanese / U.S Dollar notes as a payment method.

The U.S dollars are considered a second currency of money exchange in Lebanon; any cash payments in dollars can be in notes but not in coins. Read the BDL www.bdl.gov.lb page to learn more about Lebanese notes.

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CASH PAYMENTS BENEFITS

Cash payments for your goods and services can have the following benefits.

- **Privacy**
Cash payments don't leave records automatically. Customers may prefer cash payments when buying private goods or services.
- **Reliability**
Cash payments aren't vulnerable to technical problems, such as broken POS machines, or bad connections.
- **Low setup costs**
Cash payments are the simplest payment methods, where no major set ups are needed.

DISADVANTAGES OF CASH PAYMENTS

Cash payments are not risk free. It incurs money because of staff/labor costs, fees and losses due to theft.

If you receive high cash amounts, labor staff costs will rise due to spending a lot of time and money on activities such as counting, bookkeeping and banking. Moreover, cash is at a great risk of theft. Due to the fact that Cash is hard to identify and if stolen there are no automatic records of it. There is also a risk of receiving counterfeit cash whether in Lebanese Pound/ US Dollars. Furthermore, there might be service fees for banking when processing cash payments.

Mitigating risks of cash payments

Once you have decided to use cash payments for your business's best interest, specific policies should be implemented in order to ensure proper and effective cash management by you and your staff. Below are some methods to ensure proper cash management

- **Using a cash register system**
Cash register helps keep cash secure during operations. It also enhances the track of sales.
- **Install a safe on the premises**
The safe is the best place to retain cash.
- **Install security cameras**
Although risk is not eliminated; however, cameras may reduce theft and other illegal activities.
- **Staff training & daily reconciliation**
It is important to train staff on cash management and cash handling procedures. Moreover, reconciliation of cash and proper cash keeping is a must.
- **Segregate cash handling duties**
Proper segregation of duties especially for employees who work in sales and others in charge of cash collection to prevent and minimize the possibility of fraud.

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Best practices when receiving cash payments

- **Bank cash on regular bases**
Deposit in bank available cash on regular bases reduces the risk of theft greatly. Nonetheless, if you have to keep cash on premises, make sure to use the safe under surveillance of security cameras.
- **Avoid large cash collections**
Avoid large cash receipts, which could increase risk of theft.
- **Cash management policies and procedures**
It is advised to document internal policies and procedures (memos) for cash handling, and providing training for staff.



II. CHECKS

A check is a document that tells a bank to pay its holder the amount mentioned. A check can bounce if a customer's account doesn't have enough money to cover the payment. Checks can also bounce if there are other problems, such as suspected fraud.

III. Bitcoin for Businesses: Digital Currency Guide

With the emerging of the digital currency worldwide especially the Bitcoin and the acceptance of usage of such currency for making and accepting payments it is becoming an alternative to currency; however, in Lebanon they are not considered a legal mean of exchanges, noting that there are initiatives to launch a digital currency by Central Bank. Until then, you are not advised to risk your business or your client's trust.

Tax implications

Bitcoin and other crypto-currencies aren't considered to be money or foreign currency by Central Bank of Lebanon (BDL). Instead, they are treated as assets for capital gains tax purposes, making them more like a barter arrangement.

CONTACT US



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