

Merchants and the Elsie



You are at the beach without a wallet or smartphone. You head to the bar that accepts Elsies and purchase a daiquiri and a shish kabob by reciting a short phrase, looking into the VIP reader, and saying “Yes” or hitting the yes button to verify the purchase.

The merchant is smiling. The market cost to accept the Elsie is under 1%, while other merchants pay 2% to 3% in credit card fees.

The other merchants have less business. Who wants to carry a credit card into the ocean or leave their wallet or smartphone vulnerable on a beach towel?

That 1% fee is not a fee. It is just the market cost to [exchange Elsies for U.S. dollars](#). But why exchange at all? The more merchants that accept the Elsie, the less reason to exchange. There is no reason to convert back to U.S. dollars if the merchant’s suppliers accept Elsies. In that case, there is no cost.

It is identical to cash without the problems of theft, pilferage, storage, accounting, and depositing. But it is better than cash because the Elsie earns a small [dividend](#) whenever anyone pays [ground rent](#). Under certain conditions, the dividend can grow quite large. Of course, the U.S. dollar pays no dividend.

Retail use of the Elsie will be developed during the first year of VTLM operations. Online purchases are handled through invoice generation. There is no need for biometrics. The next stage will handle in-store purchases. Invoice generation will be accomplished through a cash register camera that takes a snapshot of a generated temporary code on the customer’s smartphone. In the final stage, biometric matching will supply the temporary code and log the user into the invoice page to pay (or delete) the invoice. No other actions will be possible.

Once retail is implemented, merchants have a free and powerful support network to help them adopt this new currency. In Phase I, the VIP Treasury receives a rent distribution sufficient for merchant support services. These services are primarily directed at merchants in counties that have signed the [property tax agreement](#).

This support includes full or partial subsidies for purchasing and installing code readers and [VIP reader](#) hardware, and it always includes a secure internet connection to the VIP at no charge.

The ABC also has a powerful incentive to increase the size of the merchant network. Demand for the Elsie shortens the duration of Phase I and increases ABC's profit margins.

A marketing campaign by the ABC might do the trick. The ABC could offer a 1/100 percent monthly bonus during the first year of retail implementation (the time of greatest vulnerability) for any merchant in the county holding Elsies at the end of the month. Encouraging merchants to keep Elsies rather than selling them at the end of the day or week increases demand for the Elsie.

Regardless of any marketing campaign, merchants will prefer the Elsie over credit cards, if for no other reason than the low 0.95% cost. The marketing program is designed to encourage merchants to hold their Elsies and save the fee. It incentivizes their suppliers to accept Elsies, making the marketing campaign a true win-win for the ABC and its merchants.

In addition to the wallet-free, phone-free convenience, why would consumers prefer the Elsie? The reason is simple: a 0.85% discount on any merchandise they purchase.

If everything goes according to plan, the consumer purchases the Elsie at the market for 99.15% peg. The seller is the market maker unless the consumer is lucky enough to catch the ABC during ram and jam and score their Elsies for 99.05% peg. The consumer not only gets \$100 for every \$99.15 they intend to spend but is paid a dividend on their Elsies until they are spent. Although credit card companies often pay more in consumer rewards, merchants might offer discounts for Elsie customers.

A free service performed for counties that have signed the agreement is a VIP-supported [consumption tax to replace the sales tax](#) for Elsie consumers. This performs an excellent service for merchants who no longer need to collect, account for, and remit sales tax for their Elsie customers. A merchant in these selected counties can become a 100% Elsie shop and eliminate the hassle of sales tax.

Elsie consumers from another county will be charged the sales tax unless that county has also implemented a consumption tax. If it has, consumption tax is taken out at their home county's rate, and the revenue goes to their home county.

Biometric identity is fraud-proof. Likewise, smartphone purchases have a biometric layer. The [Elsie Toolkit](#) will soon be able to generate any standard accounting report the merchant needs and retrieve any Elsie transaction by customer, product, or date and time. The toolkit will offer all merchant services at credit card companies for free.