



Take control of your credit card costs

Fee program ebook

Reduce acceptance costs with Credit Card Surcharging

Customers are increasingly relying on digital platforms for purchasing goods and services. If your corporation is still reluctant to offer credit cards as a payment option due to the higher interchange rates, a credit card surcharge program might be a good option.

If your businesses regularly accepts credit card payments, recent changes in customer buying behavior and purchase activity may call for a reassessment of your credit card acceptance practices.

Any business seeking ways to better manage expenses should take the time to evaluate Credit Card Surcharging as a solution.

Credit Card Surcharging

A percentage-based amount of the purchase added to the total amount charged to the customer paying for the purchase with a credit card. The added surcharge covers the merchant's acceptance cost for that payment.

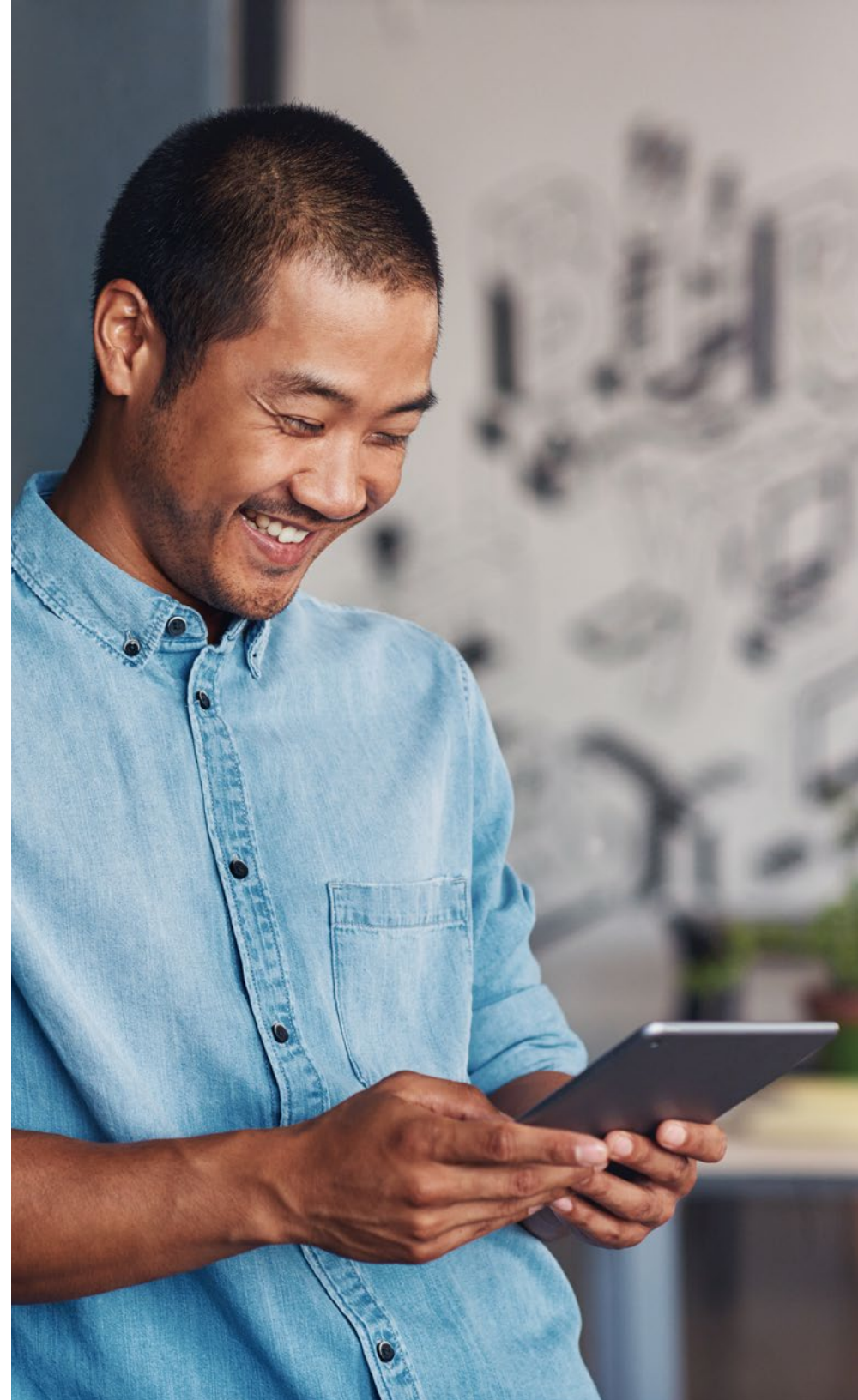
What is Credit Card Surcharge?

A Credit Card Surcharge program enables businesses to add an additional fee to a customer's transaction when they use a credit card for payment.

According to Mintel, a global market research organization, credit cards are the most preferred payment method by consumers. Even armed with that knowledge, some businesses choose to limit credit card acceptance due to the higher interchange costs established by the card brands. Credit Card Surcharging enables businesses to meet customer demand for credit card acceptance while controlling operating costs to sustain a healthy bottom line.

As we advance towards what could become a cashless future, the pressure to accept credit card payments is increasing. Credit Card Surcharging allows the business to offer customers the flexibility to pay by credit card for a relatively small fee. The fee typically ranges from 3% to 4% of the purchase price – usually just a few cents on the dollar. Cardholders who wish to avoid the surcharge can pay using a lower cost payment method such as a debit card, check or cash. We offer our customers solutions that support check acceptance in addition to card acceptance.

Credit Card Surcharging is specifically designed to offset the transaction costs of credit card acceptance only. A surcharge cannot be applied to payments made with debit cards, pre-paid cards and cannot be identified as a COVID or coronavirus surcharge. However the money you save by reducing credit card acceptance costs can be reallocated to meet any other business needs.



Rules and regulations

Credit card surcharging offers a way to control costs, but the programs are subject to rules and regulations. The rules and regulations can vary based on the card brands and individual state laws. It is important to understand the laws in the states in which you transact business whether online or in-person. The following is a general overview of the card brand rules. We recommend visiting the card brand websites for additional details. If you have specific questions regarding your state's laws applicable to credit card surcharging, consult your attorney.

- Businesses must notify Visa and Mastercard of the intent to surcharge.
 - Visa must be notified at least 30 days in advance of beginning to surcharge; a notification form can be submitted to Visa on their website. www.visa.com/merchantsurcharging.
 - Mastercard must be notified no less than 30 days before the credit card surcharge is implemented. A notification form can be submitted to Mastercard on their website. www.mastercard.us/en-us/business/overview/support/merchant-surcharge-rules
 - Other card brands do not require notification at this time.
- Businesses must disclose the surcharge for in-person transactions using signs or stickers at the point of entry and point of sale to alert cardholders prior to completing a credit card payment.
- Credit card surcharges must disclose the credit card surcharge dollar amount on every receipt.
- Businesses must disclose the credit card surcharge for online transactions in descriptive text prior to check-out in accordance with card brand rules and state laws.
- Credit card surcharges cannot be applied to debit card products. These include signature debit cards, debit cards, EBT cards, pre-paid cards and HSA/FSA cards issued as debit. Nor can they be identified as COVID or coronavirus surcharges; credit card surcharges must be identified as such. Under the card brand regulations, the surcharge amount cannot exceed the merchant's cost of accepting the credit card payment.

Disclosure requirements

Disclosures are required as part of the rules surrounding credit card surcharge programs. The disclosures must contain language notifying customers that the surcharge is not greater than the business's total costs of accepting the credit card payment.

Prior to transacting in-person or online, disclosures and definitions should be clearly displayed in the form of stickers, signage or descriptive text.

If a cardholder uses a credit card, they will see the surcharge fee displayed on the terminal or check-out screen prior to agreeing to pay, and then again on the receipt.

Should the cardholder require a return, a proportional amount of the surcharge amount will be returned, also shown on the receipt.

No surprises for you... or your customers.

Restricted regions

Certain state and commonwealth laws may restrict your business' ability to implement credit card surcharging. Businesses located in the following states and regions currently cannot surcharge credit card transactions: Connecticut, Maine, Massachusetts.

Additional Restrictions: Puerto Rico, Canada

ABC MERCHANT
123 MAIN STREET
ANYWHERE, US 12345

TRANSACTION TYPE
DUPLICATE
DEMO MODE

Server #: 000001 John Bass
MID: 12345678901
TID: 1234567890123456789012

Batch #: 124
12/12/19
AVS: N
Inv/Tkt #:
12345678901234567890123456789012345
Cust Ref#: 1234567890
APPR CODE: 123456
TRACE: 1
CARD TYPE
*****7892M

REF#:12345678
HH:MM:SS
CVC: X
Manual CP
/

AMOUNT	\$10.00
SURCHARGE	\$.40
TOTAL	\$10.40

Approved

X _____
CARDHOLDER NAME

We add a surcharge to all credit card payments. This surcharge is not greater than our total cost of accepting the credit card payment.



Present, then pay

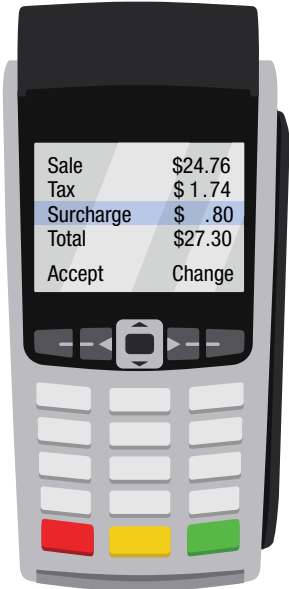
Transparency is key to the successful implementation of credit card surcharges. Providing customers with advanced notice gives customers an opportunity to consider how to pay prior to initiating a payment transaction.

Cardholders will only be presented with the surcharge fee on the payment screen if they use a credit card for payment. The surcharge fee will not be displayed if the cardholder uses a different payment method, such as a debit card or pre-paid card.

When a cardholder uses a credit card and they see the surcharge displayed, they will have an opportunity to accept the fee or change payment methods. If they accept the fee, the surcharge is applied to the purchase. If not, they avoid the surcharge fee by using another payment method. Either way, you know your costs are controlled and set at a fixed rate for credit card acceptance.

Order Section	
Amount	10.00 USD
Surcharge	.40 USD
Total of all charges and fees	10.40 USD

Payment	
Credit Card	
VISA MASTERCARD DISCOVER AMERICAN EXPRESS	
Card Number	0000 0000 0000 0036 Charge Card
Expiration Date (MM/YY)	CVV2
12/20	123



A credit card disclosure for an eCommerce transaction and on a payment terminal.





Expanding payment options at an assisted living and nursing home care company

An assisted living and nursing home care company supporting over 100 communities across the United States contacted one of our payment consultants about optimizing payments. At that time, only a handful of their communities accepted anything other than paper checks for payment. They wanted to expand available payment methods to give families more flexible choices when paying the cost of caring for their loved ones. The payment methods the company wished to support included debit card, credit card and electronic check acceptance through an online portal and in-person.

The company had historically not offered payment by credit card due to the cost of acceptance. By implementing credit card surcharging, the company could finally offer family members the option to pay by credit card, giving them greater flexibility to pay how they wanted. The decision to enable online card payments and electronic check acceptance through our Converge platform turned into a critical advantage when the pandemic prompted families to increasingly rely on digital payment channels. Our Credit Card Surcharge Program calculates the surcharge automatically, uses the card's PAN number to instantly identify it as a credit card and meets all the surcharge compliance standards required by Visa, Mastercard and American Express. After a successful pilot at five locations, the company initiated a roll-out of the program to 97 additional locations.



Controlling costs for credit card acceptance at an advisory, tax and assurance firm

Several years ago, a leading advisory CPA firm, with more than 50 locations throughout the U.S., made a strategic decision to stop accepting credit card payments due to the fees that come along with card acceptance.

When the pandemic began, and both their employees and their clients moved to remote work, they quickly realized they needed to reestablish the ability to accept credit cards. When the CPA firm reached out to one of our representatives to discuss how to control the

costs of credit card acceptance, they were introduced to one of our payment consultants. Together they reviewed the client's needs and analyzed transaction data to determine an optimal solution.

Our Credit Card Surcharge Program was identified as a solution to help the firm reduce their credit card acceptance fees and improve their margins. The company's management was thrilled with the opportunity to give their clients the option to pay by credit card while also protecting their bottom line.



Getting started

Our Credit Card Surcharge Program is one of the ways businesses can optimize the cost of accepting payments. In addition to credit card surcharging, companies can reduce costs through debit card optimization, commercial card optimization and chargeback management. Identifying the opportunities to optimize transaction processing within a large organization can be complex, which is why it's important to work with your payment processor to analyze your card payment data across all your environments. That's where we can help.

Using advanced analytics, we help customers identify areas for optimization and makes actionable recommendations to better manage card payments. By evaluating the business' entire card authorizing and processing environment, we can help you cost-effectively deliver a satisfying and secure payment experience.



Currently Credit Card Surcharge is not supported in Connecticut, Maine and Massachusetts, Puerto Rico or the Canadian Provinces. Although we offer surcharging in most states, Merchants are responsible for determining the legality of surcharging in their state, and merchants are liable if their activities are found to be unlawful. Credit card surcharge applies to credit card only, not available on debit cards.

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