

# Convenience Fees and Surcharge Rules

August 1, 2006

This document has been provided to the State by SunTrust Merchant Services, for the purpose of relaying current rules in effect, as specified by the two major card associations - Visa and MasterCard.

## **Visa**

### **5.2.E Convenience Fees**

A Merchant that charges a Convenience Fee must ensure that the fee is:

- Charged for a bona fide convenience in the form of an alternative payment channel outside the Merchant's customary payment channels
- Disclosed to the Cardholder as a charge for the alternative payment channel convenience
- Added only to a non face-to-face Transaction<sup>1</sup>
- A flat or fixed amount, regardless of the value of the payment due
- Applicable to all forms of payment accepted in the alternative payment channel
- Disclosed prior to the completion of the Transaction and the Cardholder is given the opportunity to cancel
- Included as a part of the total amount of the Transaction

A Convenience Fee may only be charged by the Merchant that actually provides goods or services to the Cardholder. A Convenience Fee may not be charged by any third-party.

A Convenience Fee must **not** be added to a Recurring Transaction.

<sup>1</sup> The requirement for an alternate payment channel means that Mail/Telephone Order and Electronic Commerce Merchants whose payment channels are exclusively non face-to-face may not impose a Convenience Fee.

Visa U.S.A. Operating Regulations - May 15, 2006

### **5.2.F Prohibitions - Surcharge**

A Merchant must **not**:

- Add any surcharge to Transactions<sup>2</sup>

<sup>2</sup> Travelers cheque and Foreign Currency fees and commissions are not surcharges.

## **Mastercard**

### **9.12.2 Charges to Cardholders**

A merchant must not directly or indirectly require any MasterCard cardholder to pay a surcharge or any part of any merchant discount or any contemporaneous finance charge in connection with a MasterCard card transaction. A merchant may provide a discount to its customers for cash payments. A merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used.

- A surcharge is any fee charged in connection with a MasterCard transaction that is not charged if another payment method is used.
- The merchant discount fee is the fee the merchant pays to its acquirer to acquire transactions.

MasterCard Bylaws and Rules - April 2006