

Convenience Fee Information

In order to be in compliance with the Card Brands a convenience fee must meet the following guidelines for applying it correctly:

- Convenience Fee can **only** be charged when using an alternative payment method outside of the customary payment channel
 - ❖ A customary payment channel is defined as “in person”
 - ❖ An alternate payment channel can be defined as by phone or over the internet.
 - ❖ Payment types are defined as ACH, e-checks, payment cards (i.e., Visa, MC, Discover).
- Merchant must have a customary payment channel available to the customer, the fee cannot be assessed to these transactions
- Fee can only be assessed on the alternate payment channel, non-face-to-face transactions only
- Disclose it is for using an alternative payment method
- Has to be a flat or fixed amount (not a percentage of the sale)
- Applicable to all forms of alternate payments accepted
- Included in the transaction total (no separate sale)
- Disclosed prior to completion of sale
- Cannot be charged by a third party
- Cannot be added to a recurring transaction
- Cannot be assessed by merchants whose payment channels are exclusively non-face-to-face (e-commerce only merchants)
- The Fee must be clearly and conspicuously disclosed to the cardholder and afford the cardholder an opportunity to opt out of the sale
- The fee should not be advertised as a fee assessed by MasterCard or Visa
- Cannot be charged in conjunction or in addition to a surcharge
- The convenience fee cannot be advertised or otherwise communicated as an offset to the merchant discount rate, the merchant discount fee is the fee the merchant pays to its Acquirer to acquire transactions

A merchant may assess a convenience fee as long it is being assessed in a compliant manner within the guidelines given per the card brand associations. A convenience fee is associated with an "added value" that the cardholder receives in connection with a non-face-to-face card purchase in the form of an alternate payment channel outside of the merchant's customary payment channels. For instance, a movie theatre is permitted to charge a convenience fee to cardholders that purchase movie tickets for a future showing through the *Internet*. This alternate payment channel offers the cardholder added convenience since they do not have to be physically present to complete this transaction, thus a convenience fee is allowable. The movie theatre (this would be their customary payment channel), however, may not levy a surcharge or "convenience fee" at the ticket counter.

Mastercard: <http://paygov.us/pdf/mastercard.pdf>

Visa: <https://usa.visa.com/dam/VCOM/download/about-visa/15-April-2015-Visa-Rules-Public.pdf>. See sections 5.6.2 *Convenience Fees- Allowances, Requirements, Restrictions, Amounts and Disclosures* for further details that apply to US Merchants