

**Ascent Payment Solutions** has compiled this list of options that fall in line with card association regulations to consider when you are trying to offset processing fees. The options are listed in order from the easiest to the hardest to implement. We recommend that you consider booking fees, cash discounts and convenience fees before you consider surcharging.

*We always recommend that you consult with your legal counsel to ensure that your choice is in line with all federal, state, and local laws, as well.*



### **1. Ask for Debit Cards**

Debit card rates are considerably lower than normal credit card rates and Ascent Processing passes those savings along to you.

### **2. ACH/e-Check**

Offer your guest the option to pay by **ACH**, which is a way to move money directly from one bank account to another. The cost depends on the processor but in many cases consists of a low monthly fee and a flat fee per transaction. When compared to a percentage rate for accepting credit and debit cards, a flat fee can add up to quite a significant savings.

### **3. Booking Fees**

You can charge a “booking fee” on every reservation. You can name this fee how you wish but we recommend steering away from “processing fee”. An additional fee like this can help offset credit card processing costs indirectly by bringing in additional revenue on every reservation. Specific regulations are listed below.

- The fee can be either a percentage or a flat dollar amount
- It must be charged on every reservation, regardless of payment method

### **4. Cash Discounts**

You can offer a discount to your guests that use a different means of payment, such as cash, check, or **ACH**. Specific regulations are listed below.

- The discount can be either a percentage or flat dollar amount
- The advertised price **MUST** be the credit card price, so the cash price is an actual discount

### **5. Pass on to the owner all or part of the average credit card cost**

To calculate the average credit card cost (aka “effective rate”), to pass to your owners, take your total credit card fees and divide by your total credit card sales volume

## 6. Convenience Fees

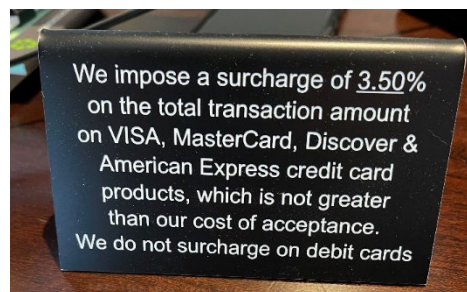
You can charge a “convenience fee” on credit card payments. This gets a little more complicated than previous options. The complete list of regulations is below.

- It must be a flat fee (not a percentage)
- It must be associated with a bona fide convenience in the form of an alternative payment channel (not just the convenience of using a credit card)
- It must be charged on all forms of payment within the payment channel
- You must accept some face-to-face credit card transactions **AND**
- It can be assessed **only** on **non**-face to face transactions.
- It cannot be charged by a third party – only by the merchant that provides the good or service to the cardholder
- It must be disclosed as a charge for the alternative payment channel convenience
- It must be disclosed prior to the completion of the transaction with an option to cancel
- It must be included as part of the total amount of the transaction and not collected separately
- It must not be charged in addition to a surcharge
- It must not be charged on recurring or installment transactions

## 7. Surcharging

In 2013, the Visa and MasterCard regulations were updated to allow merchants to pass interchange fees (referred to as “surcharging”) to consumers for using their credit card. The associated regulations are below.

- **Credit cards only**
  - No surcharges on debit or pre-paid cards – you need to know if the card is a debit card before surcharging!
- **State restrictions**
  - State laws trump the new surcharge regulations in states that prohibit surcharging. **Contact your legal counsel to check state’s laws.**
- **Refunds**
  - If a refund/credit is issued related to a surcharged transaction, the correct portion of the fee must be returned to the consumer, in addition to the amount refunded.
- **Card brand notification**
  - Written notification to the card associations is required 30 days prior to imposing surcharges.
  - [www.visa.com/merchantsurcharging](http://www.visa.com/merchantsurcharging) and [www.mastercardmerchant.com](http://www.mastercardmerchant.com) to notify
  - Notification is required to acquiring banks 30 days prior to imposing surcharges.
  - Contact Ascent Processing and we’ll help you notify your acquiring bank
- **Surcharge fee limit**
  - Fee can be no greater than your average discount rate for card type for the preceding one or 12 months
  - Fee can never be greater than 4%
  - If you accept Amex cards, the fee can never be greater than 3.5%, due to a “competitive level playing field” requirement
- **Disclosure**
  - Notice and disclosure to the consumer required



- Point of store entry or online on 1<sup>st</sup> webpage that references credit card
- At the point of sale/transaction
- Dollar amount of surcharge must be broken out on receipt/lease agreement

**Questions?**

If you have any questions on any of these options or the services that Ascent Payment Solutions provides, please do not hesitate to contact our team: [clientsuccess@ascentpaymentsolutions.com](mailto:clientsuccess@ascentpaymentsolutions.com)