



PAYMENT FEE SUITE

COMPLIANT SURCHARGE ■ CONVENIENCE FEE / SPLIT FEE FUNDING ■ DUAL/MULTI-PRICING

Whether your merchants are considering omnichannel payment support or a variety of Payment Fees, Datacap has you covered. In this whitepaper, we will examine the elements of Datacap's Payment Fee Suite to help determine which option(s) make the most sense for your clients.

Payment Fee Suite Overview

After the challenges of the pandemic, recent labor shortages and growing economic uncertainty, merchants are looking to cut costs wherever possible. One cost-cutting method that's gaining traction among many merchants is the migration of card processing costs from the merchant to the cardholder via a series of fee-based processing methods. Examples include the addition of a surcharge on applicable credit card transactions, a discount applied specifically to cash transactions, or a general fee-based program that can be applied in a variety of scenarios. However, most merchants aren't aware of all the nuances and requirements that accompany these types of fee-structures/programs that can lead to frustrating consumer experiences or card brand fines.

In this whitepaper, we will examine the elements of Datacap's Payment Fee Suite to help determine which option(s) make the most sense for your clients:

- **COMPLIANT SURCHARGE WITH LOOKUP:**


A surcharge can only be applied to credit card transactions, so fees must be omitted from Debit and PrePaid cards to comply with card brand regulations. Datacap's "Surcharge with Lookup" function checks the card's BIN in real-time to confirm that the card is eligible for surcharging and adds the surcharge amount to the credit card transaction automatically prior to submission to the payment processor.

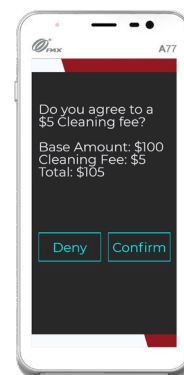
- **CONVENIENCE FEE / SPLIT FEE FUNDING:**

In lieu of or in addition to surcharging, merchants may consider administering a convenience fee. A convenience fee is applied by a merchant when a customer pays with an electronic payment card instead of a traditional form of payment. Rules vary by merchant category, but these fees are generally intended for alternative payment channels. Convenience Fees (known as "Payment Fee" to Datacap developers) can be re-named (both on the device and receipt) and split from the standard transaction amount and routed to separate merchant accounts as needed.

- **DUAL / MULTI-PRICING:**

Dual/Multi-pricing programs allow merchants to display unique prices based on tender-type at the time of purchase on the payment device. This ensures the consumer is notified of the price difference between tender-types prior to the payment, allowing for a more compliant "cash-discounting" implementation (note: proper signage required). Incorporate Datacap's compliant surcharge and convenience fee to create a unique, configurable multi-pricing display with up to six configurable tender-types.

CREDIT CARD SALE	
MASTERCARD	*****0011
ENTRY METHOD: CHIP	
DATE: 04/13/2023 TIME: 14:52:03	
INVOICE: 100034	
REFERENCE: 210318901483	
AUTH CODE: VTLMC1	
AMOUNT	USD\$ 20.00
SURCHARGE	USD\$ 0.60
CONVENIENCE FEE	USD\$ 1.50
=====	
TOTAL	USD\$ 22.10
APPROVED - THANK YOU	
I AGREE TO PAY THE ABOVE TOTAL AMOUNT ACCORDING TO CARD ISSUER AGREEMENT (MERCHANT AGREEMENT IF CREDIT VOUCHER)	
 CARDHOLDER SIGNATURE	



Compliant Surcharge with Lookup

A credit card surcharge is a fee that a merchant adds to a card-present transaction when a customer pays with a credit card. According to Visa, a legal settlement brought by U.S. merchants in the U.S. and U.S. territories enabled credit card surcharging as of January 27, 2013. But keep in mind that some states still prohibit or limit surcharging.

Per the Durbin Amendment (part of the Dodd-Frank Wall Street Reform and Consumer Protection Act), merchants can only add a surcharge to credit cards, not debit or prepaid cards, and the surcharge must not exceed the card processing fees applied by the payment processor. The maximum amount that a merchant can surcharge is 3% of the transaction total per VISA (as of April 2023).

To operate a surcharge program compliantly, merchants must use signage to clearly inform customers, both upon store entry and at the point of sale. The surcharge amount must also be broken down and listed separately on the transaction receipt.

When making the decision to surcharge credit card purchases, merchants need to consider the impact on customer experience. Now that fewer consumers than ever are regularly carrying cash for daily purchases, many see credit card surcharges as a form of price gouging by the merchant. Whether this viewpoint is enough to drive those consumers to non-surcharging merchant alternatives is yet to be seen. Visa suggests considering what regional competitors are doing in regard to adding card surcharges to avoid alienating customers.



CREDIT CARD SALE	
MASTERCARD	*****0011
ENTRY METHOD: CHIP	
DATE: 04/13/2022 TIME: 14:52:03	
INVOICE: 100034	
REFERENCE: 210318901483	
AUTH CODE: VTLMC1	
AMOUNT	USD\$ 21.65
SURCHARGE	USD\$ 0.65
=====	
TOTAL	USD\$ 22.30
APPROVED - THANK YOU	
I AGREE TO PAY THE ABOVE TOTAL AMOUNT ACCORDING TO CARD ISSUER AGREEMENT (MERCHANT AGREEMENT IF CREDIT VOUCHER)	
x <u>Tim Kline</u>	
CARDHOLDER SIGNATURE	



HOW TO IMPLEMENT

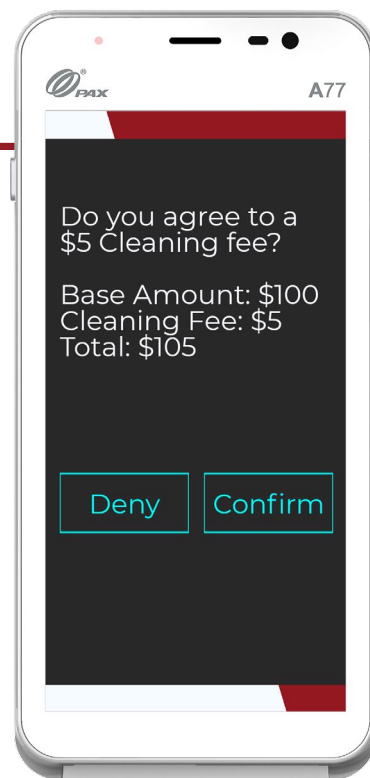
Datacap's "Surcharge with Lookup" function checks the card's BIN in real-time to confirm that the card is eligible for surcharge. To use Datacap's Surcharging With Lookup feature, partners utilize Datacap's NETePay Hosted platform and incorporate the <SurchargeWithLookup> tag in the sale request of the transaction. If a <SurchargeWithLookup> amount is supplied on a debit transaction, the surcharge amount will not be applied to the total and the updated total sans surcharge is returned to the Point of Sale.

Convenience Fee / Split Fee Funding

As an alternative or in addition to surcharging, merchants can consider administering a convenience fee. A convenience fee is a fee charged by a merchant when a customer pays with an electronic payment card rather than by a traditional form of payment (cash, check or an Automated Clearing House (ACH)). Convenience fees can be a fixed dollar amount or a percentage of the total transaction amount. Merchants can implement both a convenience fee and a compliant surcharge.

Generally, convenience fees are used by merchants in specific verticals (such as government/municipalities) or in instances where a merchant is using an alternative service (i.e online ordering) or medium (i.e. unattended kiosk) to collect the payment.

Merchants should administer a convenience fee at their own risk and contact their payment processor for guidance prior to implementation. As with surcharging, merchants must explicitly show the convenience fee on the customer's receipt and ensure that customers are aware of the fee prior to checkout.



HOW TO IMPLEMENT

To administer a convenience fee with Datacap, ISVs must add the <PaymentFee> tag to the <Amount> tag. ISVs should supply a dynamic description of the fee by providing the <PaymentFeeDescription> tag (in this case, convenience fee). If the Payment Fee description is not provided, then "PAYMENT FEE" will be used as the description for the fee on the receipt. Some dynamic descriptors that Datacap ISVs have used to describe the convenience fee/Payment Fee include:

- CONVENIENCE FEE
- SERVICE FEE
- CLEANING FEE
- TRANSPORTATION FEE
- PANDEMIC RECOVERY FEE
- ETC.

ISVs can choose to split the funds for each transaction, meaning the amount of the transaction and the "Payment Fee" could be routed to two separate Merchant IDs or accounts.

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INVOICE: 100034	
REFERENCE: 210318901483	
AUTH CODE: VTLMC1	
AMOUNT	USD\$ 20.00
SURCHARGE	USD\$ 0.60
CONVENIENCE FEE	USD\$ 1.50
=====	
TOTAL	USD\$ 22.10
APPROVED - THANK YOU	
I AGREE TO PAY THE ABOVE TOTAL AMOUNT ACCORDING TO CARD ISSUER AGREEMENT (MERCHANT AGREEMENT IF CREDIT VOUCHER)	
x	<i>Don Smith</i>
	CARDHOLDER SIGNATURE

Dual/Multi-Pricing

While adding support for surcharging (credit cards) and convenience fees may be a good fit for some merchants, others may prefer to implement a “cash-discounting” solution to set different price points for cash vs other tender types. Like surcharging and convenience fee, these solutions require the merchant to showcase the different prices with signage at the door and at the Point of Sale. But, configurable Dual/Multi-Pricing also displays pricing for each payment method directly on the PIN Pad at the time of purchase such that the consumer is prompted to select the tender type (and fee) they’d prefer directly prior to payment.

These solutions work best for brick-and-mortar merchants where a payment device can display different prices per tender-type to the consumer at checkout. As with any fee structure/program, merchants should contact their payment processor for guidance surrounding cash-discounting.



HOW TO IMPLEMENT

Datacap’s configurable Dual/Multi-Pricing solution can combine Datacap’s “Surcharge With Lookup” function and optional Convenience Fee adjustment to create a Dual/Multi-Pricing display with up to six tender-type options. Available on select PIN pad OEMs.

See example (above right), where a merchant implemented a Convenience Fee to all non-cash eligible card-type transactions (credit and debit) as well as a compliant surcharge to credit cards.



SEE DUAL/MULTI-PRICING IN ACTION!

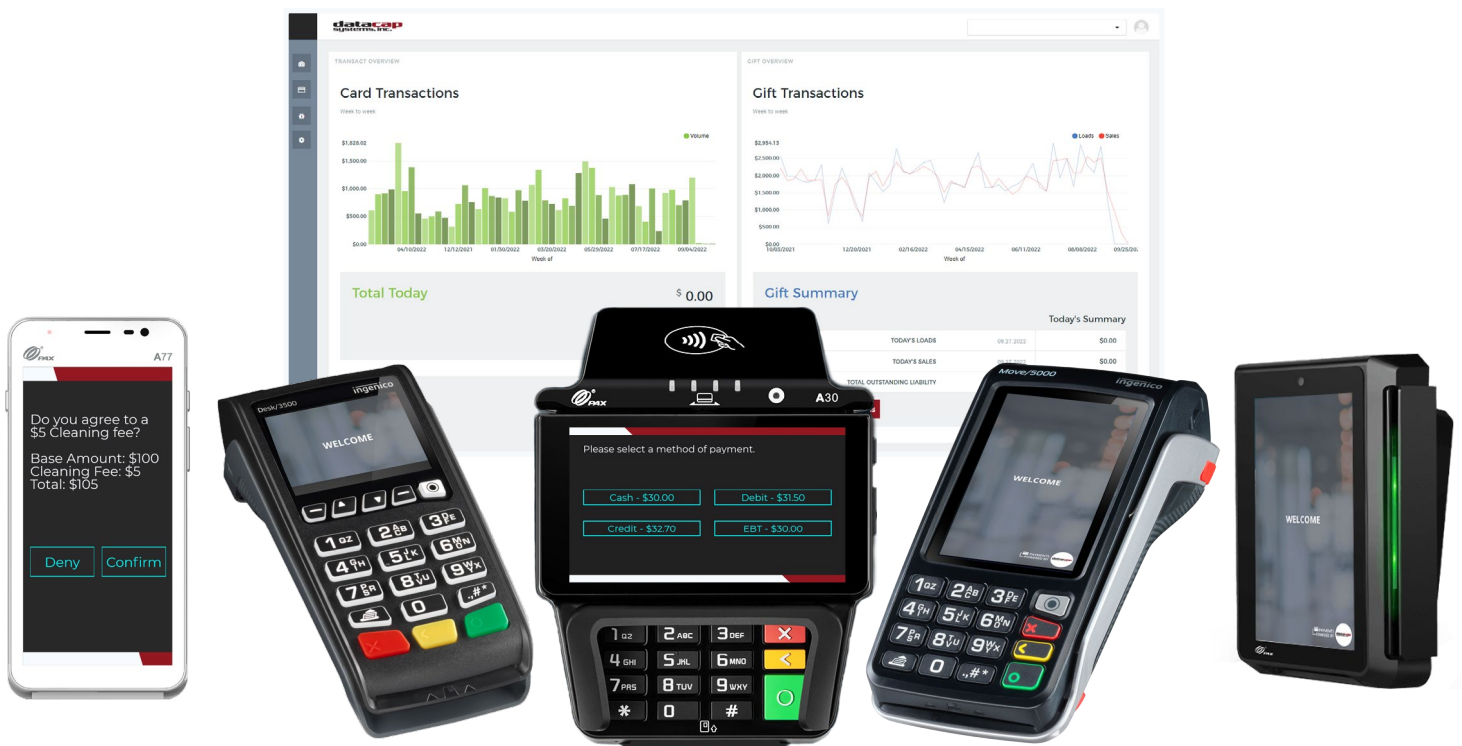


[Click here to view the demo](#)

Get Started with Datacap Today!

Whether your merchants are looking for Payment Fee Suite options or new omnichannel payment solutions, Datacap has you covered with a comprehensive collection of configurable options. Questions about implementation best practices or card brand rules? Reach out to us to talk all things payments!

Datacap develops payment processor and hardware-agnostic omnichannel payment solutions for any Point of Sale, regardless of system architecture. One simple interface allows Point of Sale developers to keep pace with evolving trends and payment industry standards, via plug and play embedded payments solutions, so they can spend development dollars on POS innovation instead of payments.



CONTACT US TO GET STARTED TODAY!

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