

UNDERSTANDING



Convenience Fees & Surcharging



CONVENIENCE FEES

What Is It?

A convenience fee is a fee charged for the “convenience” of being able to pay using an alternative payment channel outside the merchant’s customary payment channel.

Example

Paying a bill with a non-customary payment method may have a convenience fee of \$2.50 for processing the payment regardless if the bill is \$50 or \$200.

Disclosure

Disclosure of fee must be made known to the customer both in-person and online prior to the transaction and stated on the receipt.

How It Works

A convenience fee must be a flat-dollar amount, regardless of the value of the payment due.

The convenience fee must not be a percentage, and must not increase in any way as the transaction size increases.



SURCHARGING

What Is It?

1(a) fee customers pay to use credit cards (b) a method of enabling transparent pricing (c) a fair way of transacting with credit cards

Example

If a cardholder purchases \$100 in office supplies with a credit card, a merchant may add a surcharge of 3.5% to the total purchase (\$3.50). A surcharge is always a percentage.

Compliance

Firms must comply with major credit card companies' guidelines to process surcharging for their business.

Disclosure

Disclosure of fee must be made known to the customer both in-person and online prior to the transaction and stated on the receipt.

How It Works

Credit card surcharging shouldn't be confused with debit card processing, as credit card companies limit surcharging to credit cards only.

Type Of Fee

Surcharging rates are set by the card processor. Surcharging fees are a percentage of the value of the sale.



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