

# Convenience Fee Overview

## Revised September 2011

### OVERVIEW

This document provides an overview of the Association Compliance requirements for Convenience Fee processing. Each association has some special requirements and often one association's rules will conflict with another association's rules.

Table 1 describes the common standards and Table 2 identifies the differences and Table 3 defines unique rules by vertical. At this time VISA is the most restrictive but, convenience fees are becoming less limited and the associations are allowing them in more merchant types and VISA may align "soon".

**Table 1: COMMON RULES**

RULE CITATION/DESCRIPTION	COMMENT
Disclosure to Cardholder	The fee must be properly disclosed to the Cardholder in advance
Application to all payment forms	Cardholders cannot be assessed a Convenience Fee that would discriminate against or discourage a particular card brand relative to other payment card brands accepted i.e. merchant cannot charge a higher fee for a MasterCard transaction v a VISA card transaction

**Table 2: ADDITIONAL RULES BY ASSOCIATION**

*Each rule must be reviewed with the other requirements e.g. AMEX cards can be used in a face to face environment but only when used at locations with the allowed MCC – government, educational etc.*

RULE CITATION/DESCRIPTION	VISA Required/Allowed	MASTERCARD Required/Allowed	DISCOVER Required/Allowed	AMEX Required/Allowed
Allowed Verticals ( <i>see below for additional rules</i> )	Allowed on all Merchant types	Allowed on all Merchant types	Allowed on all Merchant types	Only allowed on Government, Utilities, Education, Charities
Charge only for a bona fide "convenience" e.g. Internet, IVR or payment kiosk	Required	N/a	N/a	Required
Only charge on alternative channel outside merchant's customary payment channels i.e. if merchant is normally face-to-face, an alternative channel may be ECOM or Mail Order	Required	N/a	N/a	A Convenience Fee cannot be charged if merchant has no face-to-face channels. Mail in not included
Face-to-face payment	Not Allowed (unless tax payment)	Yes	Yes	Yes
Fixed/flat fee amount	Allowed	Allowed	Allowed	Allowed
Variable fee amount	Not Allowed except for MCC 9311	Percentage and Tiered allowed	Allowed	Allowed
Single Transaction Support (convenience Fee included in authorization amount for goods/services)	Required	Yes	Yes	Yes
Two transaction support (convenience fee is a separate transaction from the goods/service)	Not Allowed	Recommended (to reduce chargeback issues) NOTE: Required for Utilities	Yes	Encouraged
Other 3 <sup>rd</sup> party entity than merchant providing goods or services can charge the fee	Not Allowed – must be merchant	Yes	Yes	Yes

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RULE CITATION/DESCRIPTION	VISA Required/Allowed	MASTERCARD Required/Allowed	DISCOVER Required/Allowed	AMEX Required/Allowed
Different fee allowed for Debit v. Credit Cards	Not Allowed	Consumer & Commercial Debit may be charged a different fee than Credit Card	A Convenience Fee cannot be charged for Discover Debit and Prepaid cards	Fee can vary for Debit transactions
Different fees for Consumer v. Commercial Credit Cards	Not Allowed	Fee must be the same for Consumer & Commercial Credit cards	Yes	Yes
Assessing convenience fees on Cash, Checks, ACH or PIN based Debit payments	Required	Non payment card payments do not have charge a convenience fee	TBD-updates requested from association	Fee can vary for ACH transactions
Allowed on Recurring Payments	Not Allowed	Allowed for all educational and government MCCs (see list in Table 3)	Not Allowed	Not Allowed
The Convenience Fee cannot exceed the merchant discount	N/a – no rule	N/a – no rule	Discover Retained merchants cannot charge a convenience fee that exceeds the merchant discount. Acquirer is required to enforce	

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**Table 3: ADDITIONAL RULES BY VERTICAL**

RULE CITATION/DESCRIPTION	VISA Rules	MASTERCARD Rules	DISCOVER Rules	AMEX Rules
Tax Payment Merchants – MCC: 9311	Variable Fee for Credit but not for Debit cards  <b>NOTE:</b> For qualification requirements review Visa Tax Payment Program Overview	Registration Required	No registration	No registration
Education and Government merchants – MCC: 8211: Elementary & Secondary Schools 8220: Colleges, Universities, Professional Schools & Junior Colleges 9211: Court Costs including Alimony & Child Support 9222: Fines 9399: Government Services – not elsewhere classified	No registration	Registration Required	No registration	No registration
Utilities – MCC 4900	<b>NOTE:</b> Utilities cannot charge a convenience fee and still qualify for VISA Utility Interchange Reimbursement. Review the Utility Overview	MasterCard requires registration to qualify for Utility Industry Program	No registration	No registration