ADVANTAGE

Navigating Fee-based Solutions

A simple guide to understanding Cash Discount, Convenience/Service fee, Non-cash Adjustment & Surcharging

In today's dynamic economy, it's important to find creative ways to recoup monies spent on expenses while still offering a competitive and convenient product. Passing on card processing fees through a fee-based solution is one way to get some of those monies back. But, there are an exceeding amount of fee-based solutions available and understanding those solutions and ensuring you use a compliant solution has never been more important.

WHAT IS A FEE-BASED SOLUTION?

You may have noticed additional fees springing up on your receipts more than ever and this is because of the many fee-based solutions available in the marketplace today. Cash discount, non-cash adjustment, surcharge, convenience and service fees are becoming the new norm no matter your business type or your payment acceptance environment and it's time to learn more about how these solutions could benefit your business. We'll define each solution to help you navigate this new fee-based world and find what works best for you. We'll also talk about the importance of choosing a compliant solution.

FIRST THINGS FIRST: RULES & REGISTRATION

It's important to preface the explanation of each money-saving solution with the important note that registration with the card brands, Visa and MasterCard, is required before surcharging or applying a service fee. It's also important to note there are many additional card brand requirements such as proper fee disclosures, signage posted to consumers and even the way each fee is calculated and ***this*** is why it's so important you choose a compliant solution.

Fee-based Solutions Defined

NON-CASH ADJUSTMENT

The name of this program explains exactly how it works. If a non-cash payment such as a credit card or signature debit card is provided as payment, an adjustment or "fee" is added to the customer's bill. This adjustment helps offset the cost of processing that card, whereas if cash or a PIN debit card was presented, no additional fee would be added and that's because the cost of accepting cash and PIN debit cards is minimal in comparison to credit and signature debit cards.

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SURCHARGE

Surcharging is similar to non-cash adjustment except that surcharge applies to credit cards ONLY, is prohibited in some states, and requires registration with Visa and MasterCard. When a customer chooses to pay with a credit card, the customer will notice a surcharge or a "fee" added to the bill. Prohibited states are Colorado, Connecticut, Florida, Kansas, Maine, and Massachusetts. If you are in a prohibited state, the non-cash adjustment solution is a great alternative solution.

CASH DISCOUNT

A cash discount works in the exact opposite way as non-cash adjustment and surcharging in that it applies a ***discount*** to the customer's bill and not a fee. A discount appears on a receipt when cash, debit or ACH is presented and customers paying with credit and signature debit cards pay full price. It is assumed the fee is already added into the price of the product, thus no adjustment is added.

CONVENIENCE FEE

Convenience fees may only be imposed by those merchants where a brick-and-mortar location is available for transacting AND an ALTERNATIVE payment method is available, such as via phone, mail or a website. That convenience fee may only be applied to transactions processed through the alternative payment method.

SERVICE FEE

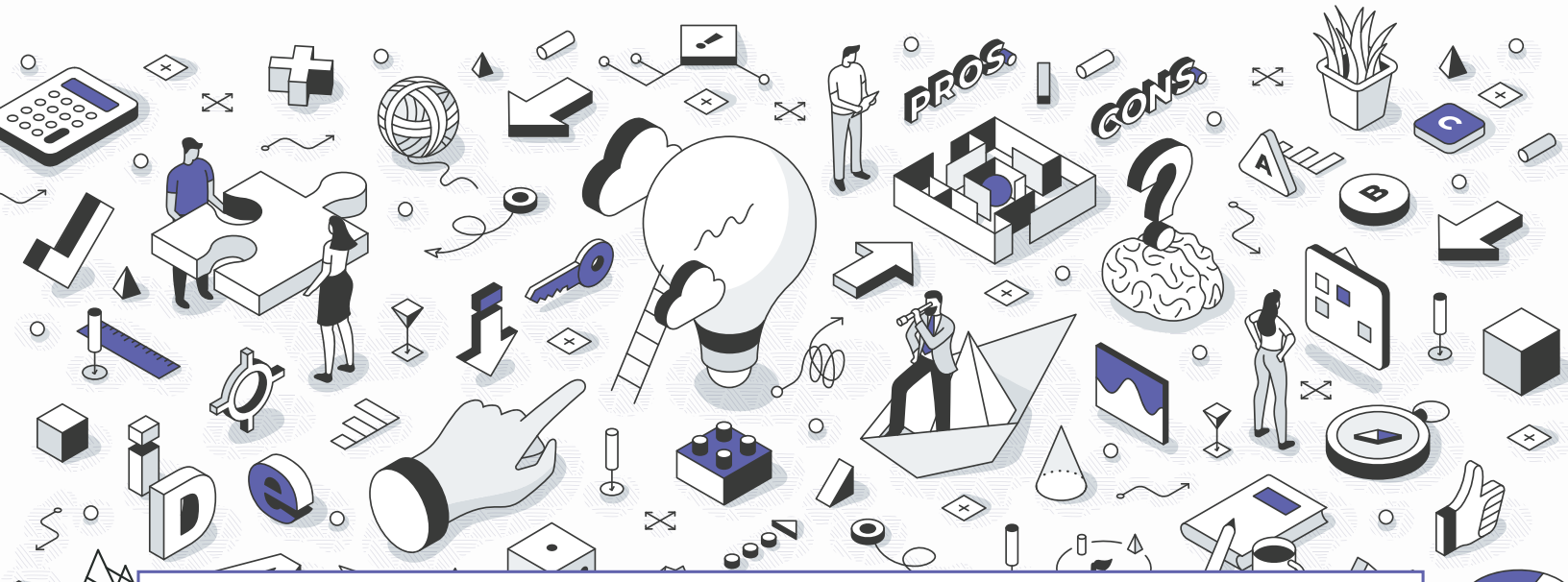
Only government and education merchants may apply a service fee. A service fee is a way to recoup fees associated with providing an actual service and not for processing fees as we've seen with a few other programs. The list below shows the type of merchants or considered to be government/education.

Education	Government
Elementary & Secondary Schools	Taxes
Colleges, Universities, Professional Schools & Junior Colleges	Court Costs
Business & Secretarial Schools	Fines
Vocational & Trade Schools	Misc Government Services

THE DECISION

As you can see, it's merchants' unique payment processing environment and the specific rules from the Card Brands that make it so important to understand each fee-based solution and know which is right for you.

Every merchant is different and we are eager to show you how the **MX™ Advantage Suite** of solutions has the perfect fee-based solution for you. Find out which fee works best for you and your business!



Contact Firstname.Lastname@PRTH.COM to begin discussions today!