

	Government and Education Transaction Fees	Convenience Fee	Surcharge
<b>Fee Overview</b>	Allows government and education MCCs to charge a Convenience or Service Fee. <b>Mastercard and American Express refers to it as a convenience fee.</b> <b>Visa refers to it as a service fee.</b>	Fees charged for non-face to face card not present (CNP) transactions only when the card payment is a true convenience for the customer.	Programs that allow a merchant to add a surcharge fee to the cost of a purchase when a customer uses a credit card for payment.  Surcharging is only allowed in certain situations and in certain states.
<b>Fee Type</b>	<b>Fixed amount or Percent</b>	<b>Fixed Flat amount</b>	<b>Fixed or Percent</b>
<b>Maximum Fee Amounts Specified in Rules?</b>	No	No	Cannot exceed cost of acceptance for the credit card, capped at 4%
<b>Payment Network supporting these fees</b>	<ul style="list-style-type: none"> <li>• Visa</li> <li>• Mastercard</li> <li>• American Express</li> </ul>	<ul style="list-style-type: none"> <li>• Visa</li> <li>• Mastercard</li> <li>• American Express</li> <li>• Discover</li> </ul>	<ul style="list-style-type: none"> <li>• Visa</li> <li>• Mastercard</li> <li>• Discover</li> </ul> Merchants accepting American Express cards <b>cannot</b> have a surcharge program.
<b>Registration Required</b>	Yes (Visa/MC)	No	Yes (Visa/MC)
<b>Payment Type</b>	All	Card not present transactions only	Credit only Card Present and Card not present
<b>Detailed Description</b>	<p><b>Visa Service Fee</b> The Visa Government and Education Payment Program allows participating merchants to assess cardholder fees on approved transaction types. The fee can be: Charged as a fixed amount or as percentage. To participate, merchants must meet specific requirements, including:</p> <ul style="list-style-type: none"> <li>- Clearly disclose fees to the Visa cardholder and meet cardholder fee requirements.</li> <li>- Accept Visa as a means of payment in all channels where payments are accepted (i.e., face-to-face, mail, telephone and Internet environments)</li> <li>- Feature the opportunity to pay with Visa at least as prominently as all other payment methods</li> </ul> <p><b>Mastercard convenience fee</b> The Mastercard fee can be:</p> <ul style="list-style-type: none"> <li>- Charged as a flat fee or as percentage.</li> <li>- Variable or tiered</li> <li>- Assessed in all payment channels such as face to face, online, mail, phone, kiosk.</li> <li>- Assessed for Recurring Payment transactions (such as installment payments and taxes).</li> </ul> <p>Mastercard cardholders cannot be assessed a convenience fee that would discriminate against Mastercard (or be higher) relative to other payment card brands, such as American Express, Discover, and Visa.</p> <p><b>American Express Convenience Fee</b> The AMEX fee is for government, utilities and education MCCs and charged as a flat fee or as percentage. Fees may be assessed on all utility and government transactions. Education merchants may only assess the fee for mandatory expense (e.g. tuition, room and board).</p> <ul style="list-style-type: none"> <li>- The fee charged for AMEX cannot be higher than fees charged for other payment card brands.</li> </ul> <p><b>Discover – N/A</b> However, Discover’s general policy states that merchants may not adopt any payment practices which disadvantage the use of Discover compared to other payment card brands such as Visa, Mastercard, American Express.</p>	<p>A fixed amount fee charged for a true convenience, for non- face-to-face, CNP transactions in an alternative channel to the merchant’s customary payments channel. That is, the fee is not charged solely for accepting a card payment. The fee is included as part of the total amount of the transaction. An alternative payment channel means that mail/phone order merchants and e-commerce merchants who only use CNP payment channels may not impose a convenience fee when a customer is paying with a card. A merchant is not allowed to charge the fee as a percentage of the transaction amount.</p> <p><b>Visa</b></p> <ul style="list-style-type: none"> <li>- Convenience fee must not be Charged by any third party.</li> <li>- Added to a recurring transaction.</li> <li>- Merchants that charge a Convenience Fee must ensure that the fee is:           <ul style="list-style-type: none"> <li>- Clearly disclose fees to the cardholder as a charge for the alternative payment channel convenience.</li> <li>- Disclosed before the completion of the transaction and the cardholder is given the opportunity to cancel.</li> <li>- Applicable to all forms of payment accepted in the payment channel.</li> </ul> </li> </ul>	<p>Percentage-based or fixed surcharge fee for accepting credit card payments.</p> <p><b>Visa</b> A charge assessed by the merchant to the consumer for the credit card payment service itself.</p> <p><b>Mastercard</b> Any fee charged in connection with a credit card transaction is not charged if another non-card payment method is used.</p> <p><b>Visa and Mastercard</b></p> <ul style="list-style-type: none"> <li>- A merchant that assesses a surcharge on a Visa credit card transaction must not charge a convenience fee in addition to the surcharge.</li> </ul> <p><b>Discover</b> Surcharging is only allowed on debit cards if all other debit card brands are surcharged.</p> <p><b>General</b> Surcharging requires specific functionality be implemented including:</p> <ul style="list-style-type: none"> <li>- Ability to distinguish credit cards from debit and prepaid cards.</li> <li>- Provide necessary disclosures at the point of sale.</li> </ul> <p>Inappropriate surcharging can lead to significant financial penalties.</p>
<b>Examples</b>	A college charges a 3% fee for paying tuition with a credit card or debit card. A city charges 2% fee for paying taxes with a credit or debit card.	A utility charges a \$5 fee to a customer for paying a power bill online with a card or via ACH if the dominant payment method is by mail, and they also have an in person, card present, payment option. The DMV’s primary method of payment is by mail. Payments can also be made in person. The DMV website charges \$3 for online registration renewals.	A Merchant charges a 2% surcharge for payments with a credit card. (Debit/ACH/Check payments do not have a fee.)
<b>Rules and Legal Restrictions</b>	Visa, Mastercard, and American Express determine the rules and restrictions for these programs. Discover does not have a specific program for government and education transaction fees.	Each of the payment networks (Visa, Mastercard, Discover and American Express) have their own set of rules and regulations.  We recommend Merchants review applicable card brand convenience rules for additional details.	Visa, Mastercard, and Discover determine the applicable rules, but there may be limitations by state. American Express does not permit surcharging. U.S. merchants cannot surcharge debit or prepaid card purchases. US merchants cannot assess a surcharge on credit card purchases that exceed the merchant discount rate for the applicable credit card surcharged.  We recommend Merchants review applicable card brand surcharging requirements and consult their legal counsel on state-by-state surcharging laws.
<b>Merchant Type</b>	<ul style="list-style-type: none"> <li>• Select Government MCCs: 9311,9222,9399,9211</li> <li>• Higher Education MCCs: 82208211,8244,8249</li> <li>• Network Pilot MCCs.</li> </ul>	All	All
<b>Merchant Payment Channels</b>	All Channels	Alternate (Card Not Present) channel. Alternate channel cannot process the majority of their payments. Merchant must have a card present channel.	All Channels
<b># of Transactions</b>	Two – Payment and Service Fee	One – Payment and Convenience Fee	One – Surcharge amount shown on the receipt
<b>Recurring Transactions okay?</b>	Yes	No	Yes

The information included in this document is provided solely as an overview as of the time of publication (March 2020). For full details and for the most recent updates available, please refer directly to the payment network rules or the interchange settlement ruling. CSG

Forte Payments, Inc. does not provide legal advice. Please consult your legal advisors regarding assessing any fees and the proper customer disclosures needed for your business.

A Convenience Fee is a fee charged by a Merchant for a bona fide convenience to the Cardholder; whereas a Service Fee is a fee assessed to a Cardholder that uses a Visa Card to pay for goods and services in a permitted Merchant category (per Visa Public Rules October 2023).

Refer to the following link below for more information related to requirements for surcharges for merchant credit surcharging and the states prohibiting surcharges <https://usa.visa.com/support/small-business/regulations-fees.html>