



# *Cash Discount & Surcharge Rules, Best Practices, FAQs*

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**ESQUIRE**  
BANK  
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# DISCLAIMER

The information provided in this presentation is subject to change depending upon Card Brand updates. All information has been vetted by Card Brands as true and compliant at this time.

# Introduction

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- Visa's crackdown on Surcharge & Cash Discount
  - Increasing number of Card Brand Cases
  - Audits & Re-Audits
  - Non-Compliance Assessments
  - Questions
- 



# **SURCHARGE**

# Surcharge



## Definition:

- A fee imposed by a business on a cardholder at point of sale to offset the processing cost of the credit card transaction.
- Credit Cards only.
- Debit Card, including PIN Debit, Cash, gift cards, and Prepaid Cards all **CANNOT** be assessed with a surcharge. (If the Debit card is swiped you still cannot apply a surcharge).
- All proper disclosures must be in place at point of entry and point of sale.
- Dual Pricing.
- Surcharge amount cannot exceed 4% or the MDR rate (Merchant Card Acceptance Rate), whichever is lower.



# Card Brand Requirements

- Registration Required
  - ✓ 30 day wait period
  - ✓ <https://usa.visa.com/Forms/merchant-surcharge-notification-form.html>
  - ✓ <https://www.mastercard.us/en-us/surcharge-disclosure-webform.html>
- Only assessed on Credit Cards
- Signage require at point of entry and point of sale
- Receipt Disclosures
- Prohibited states: Maine, Oklahoma, Connecticut and Massachusetts
- Merchants cannot assess a surcharge higher than their MDR.
- Merchants must provide the same surcharge amount to all credit card transactions.
- Cardholders must have the opportunity to cancel/ opt-out of the transaction upon disclosure of surcharge.

# POS & POE Disclosures

## Approved Card Brand Signage

### Percentage

We impose a surcharge of \_\_\_\_\_% on all products. This surcharge is a merchant addition applied only to credit transactions. Our surcharge amount is not greater than our cost of acceptance.

### Dollar Amount

We impose a surcharge of \$\_\_\_\_\_ on all products. This surcharge is a merchant addition applied only to credit transactions. Our surcharge amount is not greater than our cost of acceptance.

# Receipt Disclosures

**My Store**  
242 Carol St.  
New York, NY, 10054  
Phone: (512) 335-9930  
SALE



Order #: 020670282580  
Sold to: Walk-In  
Order Date: 03/08/2018  
Order Time: 4:06:46 PM  
Sales Person: Mary Lavender  
Register: 2  
Order type: Quick Sale

Cappuccino	x 1	\$3.00
<i>Medium</i>		\$0.00
<i>Cream</i>		\$1.00
<i>Vanilla topping</i>		\$1.00
Cherry Pie	x 1	\$6.25
<i>Large</i>		\$2.00

Subtotal	\$13.25
Credit Card Surcharge	\$0.53
Tax	\$1.16
<b>Total</b>	<b>\$14.94</b>

Credit Card 4239 Tendered \$14.94  
03/08/2018 4:07:14 PM  
\*\*\*\*\*4239

RefNum: 5c21d9c2-a747-496e-bb52-77ae9c881119

Auth code: 010917

Entry : Swipe

Response : Successful (1)

“Credit Card Surcharge” can also be denoted in the following manner:

- “Surcharge Amount”
- “Surcharge Fee”

**NOT**

- “Service Fees”
- “Card Brand Fee”



# CASH DISCOUNT

# Cash Discount



## Definition:

- A discount from the listed price provided by a Merchant for cash paying customers.
- The listed price is the “Card Price”.
- Dual Pricing (Gas Stations).
- No Cap Discount.
- Optional Receipt Disclosures.

# Marketing



## Marketing / Customer Facing Material Review

- All customer facing websites
- Changes & Additions to Websites
- Compliance Check!
- Visa “Re-Audit” Website check

# Non-Compliant

- “Already Discounted”
- Exceeding MDR rate
- Non-present Disclosures
- Registration / Surcharging before 30 days
- Audits & Assessments
  - ✓ \$5,000 per non-compliant merchant
  - ✓ \$25,000 failed audit
  - ✓ \$85,000 bulk assessment

# Summary

- Surcharge or Cash Discount?
- Register
- Posted Signage
- Receipt Disclosures
- Credit Cards only (Surcharge)
- MDR Rate
- Marketing



THANK YOU



Questions/ Comments: Please Email

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