

SURCHARGE VS CASH DISCOUNT VS CONVENIENCE FEE

CASH DISCOUNT

A CUSTOMER PAYS LESS THAN THE LISTED PRICE WHEN PAYING WITH CASH OR DEBIT.

Cash discounts are an incentive that a merchant offers to their customers for paying a bill in cash. Merchants can't add a fee on top of the usual price and then give a discount.

SURCHARGING

A CUSTOMER PAYS MORE THAN THE LISTED PRICE WHEN PAYING WITH A CREDIT CARD.

A surcharge is an additional fee that merchants include on a customer's bill to cover the costs of credit card processing.

CONVENIENCE FEE

A CUSTOMER PAYS A FEE THAT'S CHARGED BY A MERCHANT WHEN THEY PAY THROUGH A PARTICULAR CHANNEL.

A convenience fee is when a merchant allows a customer to make a payment in person or by mail for free but charge the customer a fee for the convenience of taking your payment over the phone or online.



SURCHARGE, CASH DISCOUNT AND CONVENIENCE FEE PROGRAMS

| | SURCHARGE | CASH DISCOUNT | CONVENIENCE FEE | SERVICE FEE (MANAGED CONVENIENCE FEE) |
|---------------------------------------|--|---|---|---|
| Merchant Registration Required | Y for MC N for all other card brands | N | N | Y |
| State Restriction | Y | N | N | N |
| Eligible Merchant | Available to all merchant segments and types | Available to all merchant segments and types | <ul style="list-style-type: none"> • Merchant must offer an alternative non-face-to-face payment method • Primary face-to-face method must not apply the fee | Available for government and education merchants only |
| Eligible Transactions | Card present and card not present | Cash transactions | Card not present only | Card present and card not present |
| Eligible Card Types | Credit only | Cash only | Credit and signature debit | Credit and signature debit |
| Program Limitation | Only AMEX OptBlue® program merchants eligible for surcharging | N | N | N |
| Fee Applied | <ul style="list-style-type: none"> • Fee is a percent amount • Fee must be less than 3% or the cost of acceptance for the credit card sale | Cash discount must be a reduction from advertised/ displayed price | <ul style="list-style-type: none"> • Fee can be flat or fixed amount • Fee can't be a percent or tiered amount | Fee can be flat, fixed percent or tiered amount |
| Cardholder Disclosure | <ul style="list-style-type: none"> • Surcharge fees must be disclosed at point of sale, point of entry and separately on every receipt in store and online • Full amount must be combined into one transaction | <ul style="list-style-type: none"> • Signage clearly stating cash discount must be clearly posted at point of sale • "Shelf" price must reflect the credit card price | <ul style="list-style-type: none"> • Applied only to a non-face-to-face transaction • Must be combined into one transaction • Can't be assessed to recurring bill payment transactions | eCommerce merchants using a third party must process two separate transactions: <ul style="list-style-type: none"> • Government/education transaction • Service fee transaction, clearly denoted with <i>*Service Fee</i> |
| SHAZAM | Expected availability late 2023 (subject to change) | No SHAZAM involvement | <ul style="list-style-type: none"> • No SHAZAM involvement • Merchant Gateway must be able to support | Not supported by SHAZAM at this time |