



**PREVIEW**

# *Surcharging and Convenience Fee Guidelines*



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# Report Overview

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## What is this report?

TSG's report, *Surcharging and Convenience Fee Guidelines*, offers an excellent overview of the background, state laws, and payment card network policies that surround the issue of a U.S. merchant charging additional fees for credit card acceptance. The report provides background information on the litigation that brought surcharging into effect, and a delivers clear look at the conditions, limitations, and policies that impact the ability to surcharge. Card network policies are compared and the surcharge fees that Visa and MasterCard allow for major merchant categories are listed.

## How was this report completed?

TSG's Senior Management Consultant, Gerritt Kerkstra authored this report by utilizing his significant experience with card network policies and procedures. Policies and limitations were reviewed and distilled into this easy-to-read guide.

## Why is this useful?

This report will be valuable to merchant acquirers that are looking to educate their merchant customers on the application of surcharge fees. The report will assist in ensuring an informed decision is made.

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# Report Overview

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# Background Summary – Sample Page

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## *Interchange Settlement Includes End to No Surcharging Prohibitions*

- For most of their history, MasterCard and Visa rules prohibited surcharges.
- As part of the December 2013 court approved Payment Card Settlement ([Settlement Official Website](#)) in addition to a settlement fund US merchants won the right to surcharge MasterCard and Visa credit card transactions at the point of sale.
- While the settlement is currently under appeal by opt-out merchants objecting to certain terms of the settlement the approved terms for surcharging have been in effect since 1Q 2014.
- In an earlier interchange lawsuit settlement effective in January 2004, merchants broke the Honor All Cards Rule. This gave merchants the ability to accept MasterCard or Visa branded credit card, debit cards or both if they so chose. Merchants were no longer required to “Honor All Cards” within the U.S. However, prohibitions on surcharging and no minimum-no maximum rules remained in effect.
- Merchants that wish to surcharge transactions in order to recover a portion of their MasterCard and Visa credit card acceptance costs must be cognizant of the terms for doing so and aware of the rules of competitive card forms of payment they may accept.
- State laws may also prevent merchants from applying surcharges.

# Report Author - Gerritt Kerkstra Bio

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Gerritt G. Kerkstra, Senior Management Consultant of The Strawhecker Group, is a thirty year veteran of the payments industry, having worked at Bank of America, Visa, and most recently, MasterCard. He is a recognized leader in the industry and is a frequent presenter at industry conferences. Gerritt is focused on strategic Payments Industry assignments with TSG Clients.

At MasterCard he was last Senior Vice President of acquirer relations for the United States directing account relationship representative coverage of the top 50 US acquirers and member service providers. He also managed the interaction between MasterCard's Regional acceptance staff and U.S. Commerce Development. For Commerce Development, he represented merchant and acquirer interests on internal MasterCard committees and working groups including the pricing committee, customer risk management, various interchange working groups, the point-of-interaction advisory group, the merchant advisory group, chargeback working group, operations and security.

From 1999 until 2010 he co-chaired the Acquirer Committee and served as MasterCard's representative as advisor to the Electronic Transaction Association. Kerkstra joined MasterCard in 1996 to develop operational acceptance and marketing programs for multi-national merchants in the global travel and entertainment and retail market segments. He has worked with acquirers, merchants and staff in all of MasterCard's regions.

Prior to MasterCard, Kerkstra was employed at Visa International where his responsibilities included managing merchant acceptance initiatives in the direct marketing, travel agency, hospitality, auto rental and airline industries.

Kerkstra spent eight years at Bank of America where he specialized in the development and management of interactive financial products and services, such as Phone Banking, HomeBanking and FYI, an interactive in-branch multi-media sales and marketing platform.

Kerkstra has a B.A. degree from the University of San Francisco and has done graduate work in the Broadcast Communications field.

*Kerkstra is also the author of TSG's Merchant Aggregation report. This report is a guide to understanding aggregation, the opportunity available, and how ISOs may participate. A preview of this report and order instructions can be found at [this link](#).*

# Related Reports & Services

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## Related Reports

- [Global Retail eCommerce Market](#)
- [U.S. Payments Mix](#)
- [Key Participants in the Payments Ecosystem](#)
- [Gateway Competitive Analysis](#)
- [TSG Directory of U.S. Merchant Acquirers](#)

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## Selected Free Resources from TSG

- [50 States of Grey: A Ranking of the Most Romantic U.S. States](#)
- [Comparable New Merchant Profitability](#)
- [Payments Industry 2015; No Clever Predictions Just Thoughtful Analysis](#)
- [2014 U.S. Payments Search Trends](#)
- [TSG Analysis – Vantiv’s Acquisition of Mercury Payment Systems](#)
- [INFOGRAPHIC: The Top Ten Ways Acquirers Can Block the Breach](#)
- [TSG Analysis - Global Payments' Acquisition of PayPros at a Glance](#)
- [Brave New World in Payments - Tapping the Power of Big Data in Merchant Portfolio Management](#)
- [Trend Graphs of Payments Industry Google Search Terms](#)
- [The 2014 Payments Market: The Wrap Up](#)

Have Questions?

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# About TSG

*The Strawhecker Group* (TSG) is a management consulting company focused on the electronic payments industry.

## *TSG's Service Groups*

**Payments Strategy** - Payments Strategy encompasses the full spectrum of advisory services within the Payments Industry. The depth of these services is built on deep industry knowledge - the Partners and Associates of the firm have an average of over 20 years of industry experience. With clients from card issuers to merchant acquirers, TSG has the experience and expertise to provide real-time strategies.

**Transaction Advisory** - Whether buying or selling, seeking investment funding, or planning your company's exit strategy, TSG's experience can be critical to achieving success. TSG has performed more than 100 Payments Company Valuation and/or Business Assessments in the past three years - ranging in value from \$1 million to \$1 billion.

**TSG Metrics** - TSG Metrics, the strategic research and analysis division of TSG, provides the Payments Industry with highly focused research and industry-wide studies. TSG Metrics takes data, boils it down to information, transforms it to knowledge and presents it to provide wisdom to its client partners.

## *TSG's Unparalleled Experience*

TSG consists of Industry leaders with extensive experience leading teams through explosive growth periods, mergers and acquisitions, and international and domestic expansion within the Payments Industry. Both Partners and Associates of the firm have held key senior management positions at leading industry companies including First Data / First Data International, Visa Inc., MasterCard, TSYS, Humboldt Merchant Services, WorldPay, Heartland Payment Systems, Cardservice International, iPayment, Alliance Data, RapidAdvance, Accenture Consulting, Redwood Merchant Services, Chase Paymentech, as well as other leading financial institutions and Payments companies.

## *TSG's Influence Shapes the Payments Industry*

Over the last three years, TSG has completed over 400 projects for more than 200 different clients including financial institutions, merchant acquirers, card issuers, card associations, technology providers, ISOs, processing companies and the investment community. Additionally, the firm and its Associates sit on several industry committees whose focuses range from emerging product development to governmental regulation advisement.

*Other recent TSG reports and analysis include (Click for more information):*

The Top 10 Ways  
Acquirers Can Block the  
Breach

TSG Analysis:  
Worldpay Acquisition  
of SecureNet

2014 U.S. Trending  
Payments Search Terms  
via Google

TSG Mobile Payments  
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ETA/TSG U.S. Economic  
Indicators Report

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