

Interchange settlement update: “Check-out fees”

Background

- Card networks (Visa and MasterCard) and bank issuers reached a preliminary agreement on the interchange lawsuit filed by merchants in 2005.
- With the preliminary agreement, beginning January 27, 2013, merchants can add “check-out fees” (surcharge fees) for Visa & MasterCard credit card transactions per the terms of the settlement agreement.
- The terms apply to all Visa and MasterCard *credit* cards. Debit and prepaid cards cannot be assessed these “check-out fees.”
- 10 U.S. states with surcharging restrictions:
 - California
 - Colorado
 - Connecticut
 - Florida
 - Kansas
 - Maine
 - Massachusetts
 - New York
 - Oklahoma
 - Texas.

Merchants and “check-out fees”

- “Check-out fees” are being imposed solely at the merchant/supplier discretion.
- A merchant/supplier:
 - Must disclose the check-out fee at the point of sale (or online check-out screen)
 - Are required to provide a separate line item on the receipt that shows the dollar amount of the fee
 - Will determine how much the “check-out fee” will be if they decide to charge one; no merchant may charge more than 4% of the transaction amount
 - Are required to disclose the amount of the surcharge before a purchase is made; look for signs at the store entrance and at the cash register or point of sale
- U.S. merchants that intend to surcharge must complete a notification form with Visa or MC 30 days in advance of charging the fee.

We impose a surcharge of \$_____ on the total transaction amount on Visa credit card products, which is not greater than our cost of acceptance. We do not surcharge Visa debit cards.

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Client questions and disputes

Additional information

- Visa: <http://usa.visa.com/download/merchants/surcharging-faq-by-merchants.pdf>
- MasterCard: <http://www.mastercard.us/merchants/support/surcharge-rules.html>

If a cardholder has a questionable charge (they were charged more than 4% or the fee was not disclosed upfront), they should contact Visa or MasterCard.

Visa

- Customer Assistance Center: 1.800.847.2911
- Report a Merchant Violation Online Form:
<https://usa.visa.com/checkoutfees/contact.jsp>

MasterCard

- Assistance Center: 1.800.307.7309
- Report a Merchant Violation Online Form:
<http://www.mastercard.us/support/merchant-violations.html>

BofAML is working with our processor and network partners to understand how to provide visibility of the surcharge fee in our reporting tools. Clients should refer to their receipt in the interim.

