

**Date:** March 14, 2023  
**To:** All Clients  
**Subject:** Card Brand Rule Reminders and POS Violation Updates  
**Product:** Visa/MC/Disc/Amex/PIN Debit  
**Action:** Review

### Card Brand Rule Reminders and POS Violation Updates

Due to the increase of non-compliance violations, confusion around the various rules, and a few recent changes from Visa, we would like to remind merchants of their obligation to follow and maintain compliance with card brand rules and regulations. This obligation is mentioned as part of your merchant agreement and rule violations could be subject to card brand non-compliance assessments.

If we receive a violation for your business, Compliance will contact you at the business location via U.S. mail and/or email on file. The letter will contain a brief description of the violation as well as details around the rule. Once received, this letter must be returned within **7** calendar days acknowledging the violation and compliance being indicated.

NOTE: Please ensure that Heartland has the correct information on file for your business.

Effective **April 14, 2023**, Visa will implement a **\$1,000** non-compliance assessment for a first time violation offense. It is imperative to ensure compliance in order to mitigate the risk of receiving a non-compliance assessment. If the non-compliance issue is not addressed and/or found to continue, non-compliance assessments for subsequent violations could start at \$25,000 depending upon the type of violation. Continued non-compliance could result in increased penalties and lead to termination of your merchant agreement.

To assist with the mitigation of non-compliance assessments, we would like to outline the rules that tend to cause the most confusion and the most violation notices. This list is not exhaustive but rather highlights some of the commonly offended rules; including:.

- Minimum/Maximum Transaction Amounts
- Cash Discounting
- Surcharging
- Convenience Fees
- Service Fees

Heartland Payment Systems provides the compilations, summaries and other information contained within our Product Marketing Bulletins to serve as general guidelines. While we strive to make sure this information is accurate, we do not warrant the completeness, timeliness, or suitability of this information for your specific needs. In addition, the compilations, summaries and information contained within this document do not substitute for the Association Rules, which are part of your contract with Heartland Payment Systems.

## Minimum/Maximum Transaction Limits

In order to minimize processing fees on lower dollar transactions, the card brands allow a Minimum Transaction Limit amount to be implemented for credit card transactions. The rules for implementing are as follows:

- Minimum Transaction Limit
  - A merchant may impose a Minimum Transaction Limit on credit cards, however it **MUST NOT** be imposed on a debit or prepaid card.
    - This requirement refers to the type of card presented for payment and not the method in which the card is being processed (PIN debit, signature debit, credit).
  - Minimum Transaction Limit CANNOT exceed \$10.
    - The cardholder must be allowed to use their credit card for all transactions over \$10.
  - A merchant **MUST** disclose the Minimum Transaction Limit amount to be imposed by placing signage at both the entrance into the location and at the point of purchase.
- Maximum Transaction Limit
  - A merchant may **NOT** impose a Maximum Transaction Limit on debit or credit card transactions.

NOTE: A debit card refers to a card that has a cardholder's checking or savings account attached to it as a funding source for the transaction. The word "Debit" is usually printed on the card.

## Cash Discounting

A merchant may implement a discount to customers who pay in cash rather than card however there are specific rules around doing so. The rules are as follows:

- The listed price of the good or service **MUST** be the price **PRIOR** to any discounts for method of payment.
- The discount then would be applied to the price at the point of purchase should the customer choose to pay in cash.
- Merchants are **not permitted** to post a price for cash, and then charge a higher price for cards at the point of purchase.
- A merchant **MUST** disclose the Cash Discount intent and amount by placing signage at both the entrance into the location and at the point of purchase.

## Surcharging

A Surcharge is a fee assessed on credit cards to help recoup all or part of the cost of card processing.

Heartland Payment Systems provides the compilations, summaries and other information contained within our Product Marketing Bulletins to serve as general guidelines. While we strive to make sure this information is accurate, we do not warrant the completeness, timeliness, or suitability of this information for your specific needs. In addition, the compilations, summaries and information contained within this document do not substitute for the Association Rules, which are part of your contract with Heartland Payment Systems.

NOTE: Surcharging rules apply to Visa, Mastercard, and Discover. Surcharging on American Express is only allowed via our American Express OptBlue program. (If you are interested in processing American Express OptBlue, please contact Heartland for information on the program and eligibility.)

Please note that Surcharging rules have recently changed and those changes are noted in **bold** below

- Registration is required before implementing a Surcharge.
  - Please contact Heartland for details.
  - Visa requires a Surcharge indicator to be included in the transaction.
    - Please check with either Heartland or your POS provider to ensure your device is capable of Surcharging properly and set up to send the indicator.
  - Surcharging must NOT be charged on a debit card or prepaid card.
    - This requirement refers to the type of card presented for payment and not the method in which the card is being processed (PIN debit, signature debit, credit).
- Surcharge can be charged in a Face-to-Face and non-Face-to Face environment.
- The Surcharge amount can be fixed or variable, but it must be charged the same on all card brands and all payment channels.
- Surcharging cannot exceed the cost of acceptance and is capped at **3%**
  - Note: Visa recently changed the cap from 4% to 3% while Discover and Mastercard are still at 4% and American Express OptBlue is 3.5%. Given that there is a rule requiring parity across all card brands, the cap of 3% must be utilized.
- A merchant **MUST** clearly disclose the Surcharge intent and amount by placing signage at both the entrance into the location, at the point of purchase, and on the transaction receipt.
  - Disclosure must have the exact amount or percentage of the Surcharge.
  - Disclosure must include a statement that the merchant is assessing the Surcharge and is only applicable to credit transactions.
- The cardholder must be given the opportunity to cancel the transaction without penalty after the Surcharge is disclosed.
- Surcharging is currently prohibited in Massachusetts, Connecticut, Maine, and Oklahoma (this list is subject to change without notice).
  - Note: When assessing a Surcharge (in accordance with card brand requirements), please also consult your legal counsel as needed, to ensure that Surcharging is permitted by law as it varies by jurisdiction and may not be allowed.

Heartland Payment Systems provides the compilations, summaries and other information contained within our Product Marketing Bulletins to serve as general guidelines. While we strive to make sure this information is accurate, we do not warrant the completeness, timeliness, or suitability of this information for your specific needs. In addition, the compilations, summaries and information contained within this document do not substitute for the Association Rules, which are part of your contract with Heartland Payment Systems.

- A Surcharge cannot be charged in conjunction with a Service Fee or a Convenience Fee. The intent and definition of these are a bit different and each has their own set of rules (see below).

### Convenience Fees

Convenience Fee is a fee charged to cardholders as a way for a business to recoup some costs involved for offering convenient payment options to cardholders. The card brands rules for implementing a Convenience Fee are as follows:

- A convenience fee MUST only be charged when a true convenience for the cardholder is offered as an alternative payment channel to a customary payment channel.
- Convenience Fees are ONLY allowed in a non-face-to-face environment; NEVER in a face-to-face environment.
- The Convenience Fee MUST be disclosed to the cardholder prior to the charge being applied.
- A cardholder MUST be given the opportunity to cancel out of the payment/fee (without penalty) and the ability to use the same form of payment at a brick and mortar location (face-to-face).
- The Convenience Fee must be a fixed amount; a percentage is not allowed.
- A Convenience Fee can be charged on both credit and debit cards.
- No card brand registration is required.
- Convenience Fees CANNOT be charged on recurring transactions.

### Service Fees

Service Fees are used by government and education merchants as means to help recoup the cost of accepting payments. This type of fee is only eligible for select government and education merchant types. The card brand rules for implementing a service fee are as follows:

- Registration with Visa is required in order to implement a Service Fee.
  - Upon approval, Visa will assign a specific code that we will place into our system. This will indicate to Visa that the transaction has been approved for Service Fees.
- Only the following government merchant category codes are all eligible:
  - 9211 - Court Costs, Including Alimony and Child Support
  - 9222 - Fines
  - 9311 - Tax Payments
  - 9399 - Government Services (Not Elsewhere Classified)
- Only the following education merchant categories are eligible:

Heartland Payment Systems provides the compilations, summaries and other information contained within our Product Marketing Bulletins to serve as general guidelines. While we strive to make sure this information is accurate, we do not warrant the completeness, timeliness, or suitability of this information for your specific needs. In addition, the compilations, summaries and information contained within this document do not substitute for the Association Rules, which are part of your contract with Heartland Payment Systems.

- 8211 - Elementary and Secondary Schools
- 8220 - Colleges, Universities, Professional Schools, and Junior Colleges
- 8244 - Business and Secretarial Schools
- 8249 - Vocational and Trade Schools
- The service fee can be a fixed or variable amount and charged on all payment channels.
- The fee must be disclosed to the cardholder prior to the charge.

NOTE: Service Fees are a term recognized and defined by Visa only. Mastercard, Discover, and American Express do not recognize this as a unique fee type and do not have separate requirements around it.

In conclusion, it is important that all merchants understand and follow the specific card brand requirements for Minimum Transaction Amounts, Cash Discounting, Surcharging, Convenience Fees and Service Fees as described above. This is imperative in order to mitigate the risk of non-compliance violations and the potential for costly non-compliance fines.

Please contact Heartland with any questions.

Heartland Payment Systems provides the compilations, summaries and other information contained within our Product Marketing Bulletins to serve as general guidelines. While we strive to make sure this information is accurate, we do not warrant the completeness, timeliness, or suitability of this information for your specific needs. In addition, the compilations, summaries and information contained within this document do not substitute for the Association Rules, which are part of your contract with Heartland Payment Systems.