

SURCHARGING THE RIGHT WAY



WHAT IS SURCHARGING?

A payment card surcharge is an additional fee that a business adds to a customer's bill when they pay by credit card. The purpose is to transfer the operational cost of credit card processing to their customers. Surcharging can have a major impact on your business and should be carefully weighed before implementing. If you are considering a surcharging program, ask yourself these five questions to determine whether it is right for your environment.

1. Is surcharging permitted or limited in my state?

- ▶ Surcharging rules and regulations are constantly changing. Please consult Wind River on changes to state regulations if your business is located outside of Wisconsin.

2. How will my customers respond/react?

- ▶ Will I lose customers?
- ▶ Will they shift their spend to cash?

3. If my customers shift to cash, what impact will that have on my average purchase?

- ▶ Will they spend the same amount?
- ▶ Will their average transaction amount decrease?

4. What are my competitors doing?

- ▶ Competitors that are not surcharging can advertise the fact that you are surcharging, in an attempt to capture your customers.
- ▶ If your competitors are surcharging, your risk of customer attrition is likely reduced. Or you can opt to not surcharge and use it to your advantage to gain market share.

5. Have credit card processing fees already been factored into my prices?

- ▶ If so, adding a surcharge is essentially overcharging your credit card customers.
- ▶ If not, surcharging may be a good way to offset that incremental expense.

If you are comfortable with your answers to these questions, let Wind River help you implement the surcharging process.

WHY WIND RIVER?

Wind River will guide you through the requirements to ensure your business is following all the surcharging rules. Not adhering to the rules can result in fines by the major card brands so it's important to have expert guidance.

Some of the main questions that come up when implementing a surcharge program are:

What must I disclose to my customers regarding surcharging?

Proper signage is required before surcharging. Wind River can walk you through exactly what information needs to be disclosed at the point of entry, point of sale, and on the transaction receipt.

Do I need to register with the card brands?

Yes, registration is required, and Wind River can handle that for you. The card brands also require 30 days between registration and surcharge implementation.

Will my processing rates increase after implementing a surcharge program?

Wind River will not increase your net effective rate for credit cards. It is common for other processors to increase rates to the 3% maximum to make more profit from your customers.

Can all card-based transactions be surcharged?

No, surcharging is not allowed for debit or prepaid card transactions. Because of this, the fees recouped will only cover your credit card transactions.

Please feel free to reach out to your Relationship Manager with any additional questions on surcharging.

608.243.3264 | info@windriverpayments.com