WHITEPAPER

PAYMENTS · COMPLIANCE

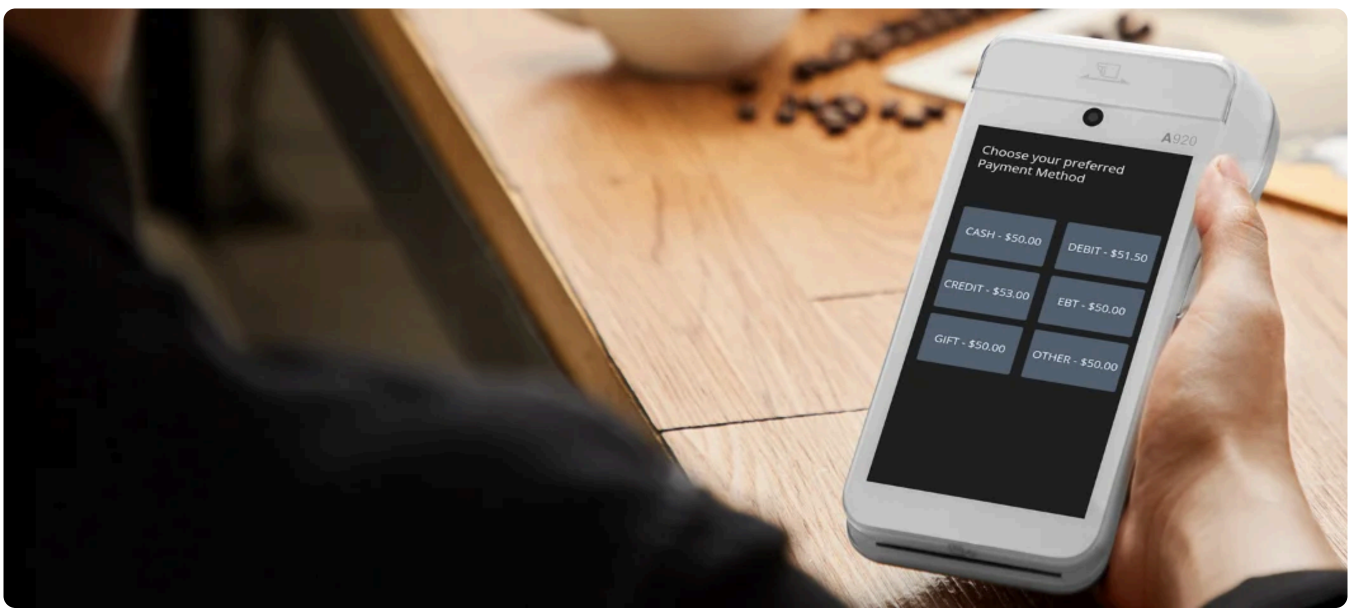
Payment Fee Suite

COMPLIANT SURCHARGE

CONVENIENCE FEE / SPLIT FEE FUNDING

DUAL / MULTI-PRICING

From omnichannel payment support to a full range of Payment Fees, Datacap has your merchants covered. This whitepaper examines the elements of Datacap's Payment Fee Suite to help determine which option(s) make the most sense for your clients.



A developer's guide to compliant payment-fee programs

SECTION I

Payment Fee Suite Overview

With rising operating costs and ongoing economic uncertainty, merchants are looking to cut costs wherever possible. One cost-cutting method that's gained traction among many merchants is the migration of card processing costs from the merchant to the cardholder via a series of fee-based processing methods. Examples include the addition of a surcharge on applicable credit card transactions, a discount applied specifically to cash transactions, or a general fee-based program that can be applied in a variety of scenarios. However, most merchants aren't aware of all the nuances and requirements that accompany these types of fee structures and programs, nuances that can lead to frustrating consumer experiences or card brand fines.

This whitepaper examines the three elements of Datacap's Payment Fee Suite to help determine which option(s) make the most sense for your clients:

Compliant Surcharge with Lookup

A surcharge can only be applied to credit card transactions, so fees must be omitted from debit and prepaid cards to comply with card brand regulations. Datacap's "Surcharge with Lookup" function checks the card's BIN in real time to confirm the card is eligible for surcharging, then adds the surcharge amount to the credit card transaction automatically prior to submission to the payment processor.

Convenience Fee / Split Fee Funding

In lieu of or in addition to surcharging, merchants may consider administering a convenience fee, a fee applied when a customer pays with an electronic payment card instead of a traditional form of payment. Rules vary by merchant category, but these fees are generally intended for alternative payment channels. Convenience fees (known as "Payment Fee" to Datacap developers) can be re-named on both the device and receipt, and split from the standard transaction amount and routed to separate merchant accounts as needed.

Dual / Multi-Pricing

Dual/Multi-pricing programs allow merchants to display unique prices based on tender type at the time of purchase on the payment device. This ensures the consumer is notified of the price difference between tender types prior to payment, allowing for a more compliant "cash-discounting" implementation (proper signage required). Incorporate Datacap's compliant surcharge and convenience fee to create a unique, configurable multi-pricing display with up to six configurable tender types.

SECTION II

Compliant Surcharge with Lookup

A credit card surcharge is a fee that a merchant adds to a card-present transaction when a customer pays with a credit card. According to Visa, a legal settlement brought by U.S. merchants enabled credit card surcharging as of January 27, 2013.[1] But keep in mind that some states still prohibit or limit surcharging. As of 2026, Connecticut, Massachusetts, and Maine prohibit credit card surcharges; Colorado caps them at 2%; and California restricts them through its price-transparency ("junk fee") law, SB 478.[2] Many earlier state bans were struck down after the 2017 U.S. Supreme Court decision in Expressions Hair Design v. Schneiderman, which treated surcharges as protected commercial speech.[3] Because these laws change frequently, merchants should confirm current requirements with counsel or their processor.

Under the card networks' surcharge rules (established through the 2013 antitrust settlement), merchants can only add a surcharge to credit cards, not debit or prepaid cards, and the surcharge must not exceed the merchant's cost of acceptance for that card. The maximum surcharge is capped at the lesser of the merchant's cost of acceptance or the applicable card brand cap, 3% for Visa (effective April 15, 2023) and 4% for Mastercard.[4] In practice, since most merchants accept both Visa and Mastercard, the lower 3% Visa cap becomes the effective ceiling.

3%	4%
VISA CAP · EFF. APR 15, 2023	MASTERCARD CAP

To operate a surcharge program compliantly, merchants must use signage to clearly inform customers, both upon store entry and at the point of sale. The surcharge amount must also be broken down and listed separately on the transaction receipt.

When making the decision to surcharge credit card purchases, merchants need to consider the impact on customer experience. Now that fewer consumers than ever are regularly carrying cash for daily purchases, many see credit card surcharges as a form of price gouging by the merchant. It remains to be seen if this viewpoint is enough to drive those consumers to non-surcharging alternatives. Visa suggests considering what regional competitors are doing regarding card surcharges to avoid alienating customers.

HOW TO IMPLEMENT WITH DATACAP

Datacap's "Surcharge with Lookup" function checks the card's BIN in real time to confirm eligibility. To use it, partners utilize Datacap's NETePay Hosted™ platform and incorporate the `<SurchargeWithLookup>` tag in the sale request of the transaction. If a `<SurchargeWithLookup>` amount is supplied on a debit transaction, the surcharge amount will not be applied to the total, and the updated total sans surcharge is returned to the Point of Sale.

See Surcharge with Lookup on the Datacap Dev Portal →

[1] In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, No. 05-md-01720 (E.D.N.Y.); merchant credit card surcharging was permitted in the U.S. beginning January 27, 2013. See Visa, "U.S. Merchant Surcharge Q&A," usa.visa.com.

[2] State law as of 2026: Connecticut, Massachusetts, and Maine prohibit credit card surcharges; Colorado caps surcharges at 2%; California regulates them under SB 478 (price-transparency law). See California Attorney General, "Credit Card Surcharges," oag.ca.gov. State laws change frequently; confirm current requirements before implementing.

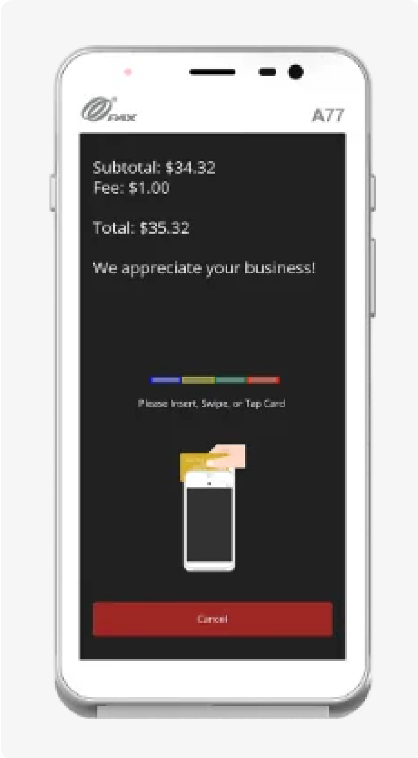
[3] Expressions Hair Design v. Schneiderman, 581 U.S. 37 (2017).

[4] Visa reduced its maximum credit card surcharge from 4% to 3%, effective April 15, 2023; Mastercard's cap is 4%. A merchant accepting both networks must honor the lower (3%) cap. See Visa, "U.S. Merchant Surcharge Q&A," usa.visa.com; Mastercard merchant surcharge rules, mastercard.com.

SECTION III

Convenience Fee / Split Fee Funding

As an alternative or in addition to surcharging, merchants can consider administering a convenience fee, a fee charged by a merchant when a customer pays with an electronic payment card rather than by a traditional form of payment (cash, check, or ACH). Under Visa's rules, a convenience fee must generally be a flat (fixed) amount rather than a percentage of the transaction, must be charged only in an alternative, non-face-to-face payment channel, and must apply to all payment types accepted in that channel.[5] Merchants can implement both a convenience fee and a compliant surcharge.



Custom Amount Format with a "Fee" shown on a PAX A77 payment device.

Generally, convenience fees are used by merchants in specific verticals (such as government and municipalities) or in instances where a merchant uses an alternative service (e.g., online ordering) or medium (e.g., an unattended kiosk) to collect the payment.

Merchants should administer a convenience fee at their own risk and contact their payment processor for guidance prior to implementation. As with surcharging, merchants must explicitly show the convenience fee on the customer's receipt and ensure that customers are aware of the fee prior to checkout.

HOW TO IMPLEMENT WITH DATACAP

Convenience Fee

To administer a convenience fee with Datacap, ISVs add the `<PaymentFee>` tag to the `<Amount>` tag, and supply a dynamic description of the fee via the `<PaymentFeeDescription>` tag ("Fee" in the example above). If no description is provided, `PAYMENT FEE` is used as the description on the receipt. Common dynamic descriptors Datacap ISVs have used include:

CONVENIENCE FEE | SERVICE FEE | CLEANING FEE | DELIVERY FEE | TRANSPORTATION FEE | AND MORE…

Split Fee Funding

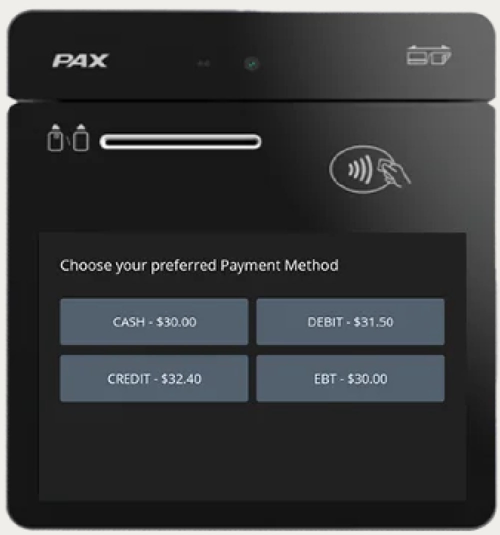
ISVs can also choose to split the funds for each transaction, meaning the amount of the transaction and the "Payment Fee" can be routed to two separate Merchant IDs or accounts.

See Payment Fee & split funding on the Datacap Dev Portal →

[5] Under Visa rules, a convenience fee must be a flat (fixed) amount, charged only in an alternative, non-face-to-face payment channel, and applied to all payment types accepted in that channel. See Visa Rules, usa.visa.com/support/consumer/visa-rules.html.

SECTION IV

Dual / Multi-Pricing



Cash	$30.00
Base price · no added fees	

Credit	$32.40
Surcharge	+$0.90
Convenience Fee	+$1.50

Debit	$31.50
Convenience Fee	+$1.50

EBT	$30.00
Base price · no added fees	

Dual/Multi-pricing on PAX A3700.

Illustrative price breakdown by tender type. With Dual/Multi-Pricing, the consumer sees the exact amount for each payment method, including any surcharge or Payment Fee, on the device before choosing how to pay.

While adding support for surcharging (credit cards) and convenience fees may be a good fit for some merchants, others may prefer to implement a "cash-discounting" solution to set different price points for cash vs. other tender types. Like surcharging and convenience fees, these solutions require the merchant to showcase the different prices with signage at the door and at the point of sale. But configurable Dual/Multi-

Pricing also displays pricing for each payment method directly on the PIN pad at the time of purchase, so the consumer is prompted to select the tender type (and fee) they'd prefer directly prior to payment.

These solutions work best for brick-and-mortar merchants where a payment device can display different prices per tender type to the consumer at checkout. As with any fee structure or program, merchants should contact their payment processor for guidance surrounding cash-discounting.

HOW TO IMPLEMENT WITH DATACAP

Datacap's configurable Dual/Multi-Pricing solution can combine the "Surcharge with Lookup" function and an optional Convenience Fee adjustment to create a Dual/Multi-Pricing display with up to six tender-type options. Available on select PIN pad OEMs.

See Dual/Multi-Pricing on the Datacap Dev Portal →

GET STARTED

Get Started with Datacap Today

Datacap delivers the full range, from Payment Fee Suite options to new omnichannel payment solutions. Datacap offers a comprehensive collection of configurable options. Questions about implementation best practices or card brand rules? Reach out to us to talk all things payments.

Datacap develops payment-processor- and hardware-agnostic omnichannel payment solutions for any Point of Sale, regardless of system architecture. One simple interface lets Point of Sale developers keep pace with evolving trends and payment industry standards via plug-and-play embedded payments solutions, so they can spend development dollars on POS innovation instead of payments.

LET'S TALK

Ready to add Payment Fee options to your POS? Let's build it together.

datacap systems, inc.

datacapsystems.com