

# Retail-BCG Briefing

## Surcharging

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# 1 Background

Surcharging is prevalent in a few countries in Europe; we have the following scenario:

- Surcharging is allowed in UK on the domestic scheme – LINK
- Surcharging is allowed and deployed in Germany both at a domestic and international level.
- Surcharging is allowed also in Holland.

Other than these three countries we must revert to the specific card scheme rules.

## 2 Scheme regulations

The following covers the scheme rules and our interpretation. Please note the part “**Non-discrimination rule**”. Non-discrimination is across both domestic and international card schemes.

We need to distinguish between surcharging on domestic/ intra-European transactions and international transactions (cards issued outside of Europe).

### 2.1 Domestic surcharge

Mastercard allows surcharging on all domestic TRXs in Germany. In UK you are allowed to surcharge a Mastercard Debit Card and in Austria you are allowed to do so for Maestro Cards only. In all other European countries it is not allowed by Mastercard to surcharge any cards.

VISA allows surcharging on domestic transactions in every European country beside Germany as long as this is in line with domestic rules and regulations of the respective country.


To participate a registration according to the attached VISA Member Letter (VE 12/16 17 February 2016) would be necessary.

### 2.2 International surcharge

Mastercard allows surcharging on cross-border TRXs (extract of the respective rules below 4.17.2).

#### 4.17 ATM Access Fees

An ATM Access Fee may be charged by an Acquirer only in connection with a cash withdrawal Transaction or a Shared Deposit Transaction that is initiated at the Acquirer’s ATM Terminal with a Card. The ATM Access Fee is added to the amount of the Transaction transmitted to the Issuer.



For purposes of the Rule, a Transaction is any Transaction routed through the Mastercard ATM Network. Nothing contained in the Rule affects the right of an Issuer to determine what fees, if any, to charge its Cardholders.

#### 4.17.1 ATM Access Fees – Domestic Transactions

A Cardholder may not be assessed or be required to pay an atm Access Fee or other fee types imposed, or advised of, at an ATM. In connection with a Domestic Transaction .

**NOTE: Variation to this Rule appear in the “Asia/Pacific Region” (pertaining to Australia), “Canada Region,” “Europe Region,” “Latin America AND Caribbean Region,” sections at the end of this chapter.**

#### 4.17.2 ATM Access Fees – Cross-border Transactions

Unless prohibited by local law or regulations, an Acquirer, upon complying with the ATM Access Fee notification requirements, may assess an ATM Access Fee on a cross-border Transaction, so long as the Acquirer applies the ATM Access Fee in a consistent and nondiscriminatory manner.

#### 4.17.3 ATM Access Fee Requirements

An Acquirer that applies or plans to apply an ATM Access Fee to Domestic Transactions, Cross-border Transactions, or both must comply with all of the following requirements:

##### Transaction Field Specifications for ATM Access Fees

At the time of each Transaction on which an ATM Access Fee is imposed the Acquirer of such Transaction must transmit, in the field specified by the applicable technical specifications manual or other applicable technical specifications manual then in effect the amount of the ATM Access Fee separately from the amount of the cash disbursed in connection with such Transaction.

##### Non-discrimination Regarding ATM Access Fees

An Acquirer must not charge an ATM Access Fee in connection with a Transaction that is greater than the amount of any ATM Access Fee charged by that Acquirer in connection with the transactions of any other network accepted at that ATM Terminal.

##### Notification of ATM Access Fee

An Acquirer that wishes to charge an ATM Access Fee must notify its Sponsoring Principal in writing of its intent to do so prior to the planned first imposition of such ATM Access Fee by the Acquirer.

The Principal must update the Location Administration Tool (LAT) regarding its or its Affiliates imposition of ATM Access Fees.

## Cancellation of Transaction

Any Acquirer that plans to charge an ATM Access Fee must notify the Cardholder with a screen display that states the ATM Access Fee policy and provides the Cardholder with an option to cancel the requested Transaction.

## Sponsor Approval of Proposed Signage, Screen Display and Receipt

An Affiliate that plans to charge an ATM Access Fee to a Transaction must submit proposed ATM Terminal signage, screen display and receipt “copy” that meets the requirements of the Rules to its Sponsor in writing for approval prior to use, unless such Acquirer employs the model form provided in Appendix F. The Sponsor has the right to determine the acceptability of any new or changes to previously approved signage, screen display and receipt copy. In cases of conflict between the Acquirer and its Sponsor, Mastercard has the sole right to determine the acceptability of any and all signage, screen display and receipt copy.

## ATM Terminal Signage

An Acquirer that plans to charge an ATM Access Fee may optionally display signage that is clearly visible to Cardholders on or near all Terminals at which ATM Access Fees apply.


The minimum requirement for ATM Access Fee signage text is working that clearly states:

1. The identity of the ATM owner and of the Principal;
2. That the Transaction will be subject to an ATM Access Fee that will be deducted from the Cardholder’s account in addition to any Issuer fees;
3. The amount of calculation method of, or Corporation-approved generic signage regarding the ATM Access Fee
4. That the ATM Access Fee is assessed by the Acquirer instead of the Issuer;
5. That the ATM Access Fee is assessed on Cross-border Transaction only or Domestic Transaction only, if applicable.

The minimum requirements for ATM Terminal signage (physical characteristics) are as follows:

1. The signage must bear the heading “Fee Notice”;
2. The size of the signage must be a minimum of four inches in height by four inches in width;
3. The text must be clearly visible to all; a minimum of 14-point type is recommended;
4. The heading must be clearly visible to all; a minimum of 18-point type is recommended.

Refer to Appendix F for a model of ATM Terminal signage relating to ATM Access Fee application.



## ATM Terminal Screen Display

An Acquirer that plans to charge an ATM Access Fee must present a screen display message that is clearly visible to Cardholders on all ATM Terminals at which ATM Access Fees apply. If the Cardholder is given the option of choosing a preferred language in which it conduct the Transaction, the screen display message concerning ATM Access Fees must be presented to the Cardholder in the chosen language.

If an Acquirer displays the Mastercard-approved generic ATM Access Fee signage, the Acquirer must include the amount of calculation method of the ATM Access Fee as part of the ATM Terminal screen display.

Refer to Appendix F for a model of an ATM Terminal screen display relating to ATM Access Fee application.

## ATM Transaction Receipts

Any Acquirer that charges an ATM Access Fee must make available to the Cardholder on the Transaction receipt the ATM Access Fee information required by this Rule, in addition to any other information the Acquirer elects to or is required to provide.

The minimum requirements for the Transaction receipt are:

1. A statement of the amount disbursed to the Cardholder;
2. A statement of the ATM Access Fee amount with language clearly indicating it is a fee imposed by the Acquirer;
3. A separate statement of the combined amount of the ATM Access Fee and the disbursed amount, with language clearly indicating that this amount will be deducted from the Cardholder's Account.

Refer to Appendix F for a model of ATM Transaction receipt text relating to ATM Access Fee application.

Visa allows surcharging on cards which are not issued within the VISA Europe territory: Visa USA.

## Territory

Andorra, Austria, Bear Island, Belgium, Bulgaria, Channel Islands, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faeroe Island, Finland, France (including its "DOM-TOMs"), Germany, Gibraltar, Greece, Greenland, Hungary, Iceland, Ireland, Isle of Man, Israel, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, Norway, Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Vatican City, the United Kingdom, including the territories and possessions thereof, and any other jurisdiction which becomes a full member state of the European Union, and including any military bases, embassies or diplomatic consulates of the foregoing jurisdictions which are

located outside of the Territory and excluding any military bases, embassies or diplomatic consulates located in the Territory of those jurisdiction which are located outside of the Territory.

See below extract of Visa Surcharge rules.

## 6.4 ATM Fees

### 6.4.1 ATM Access Fees

#### 6.4.1.1 Visa Rights Pertaining to ATM Access Fees

Visa reserves the right to request any of the following from an ATM Acquirer:

- Notice of intent to impose an Access Fee on international ATM Cash Disbursements
- A report with the physical location of each ATM and the total number of ATMs at which as Access Fee is imposed on international ATM Cash Disbursements
- Message display and language disclosure related to Access Fees on international ATM Cash Disbursements
- Any other information required by applicable laws or regulations

#### 6.4.1.2 Acquirer Imposition of ATM Access Fees

An ATM Acquirer MAY IMPOSE AN Access Fee on an international ATM Cash Disbursement if all of the following:

- It imposes an Access Fee on all other international ATM Cash Disbursements through any other network at the same ATM.
- The Access Fee is not greater than the Access Fee amount on all other international Transactions through any other network at the same ATM.
- The Access Fee is a fixed and flat fee.
- The ATM Acquirer must include the value of the dispensed cash and any Access Fee amount in the Authorisation Request and Clearing Record. The dispensed cash and Access Fee amount must be separately identified

#### 6.4.1.3 ATM Message Display for Access Fees

If an ATM Acquirer imposes an Access Fee on an international ATM Cash Disbursement, the ATM Acquirer must do all of the following at the ATM:

- Inform the Cardholder than an Access Fee is assessed in addition to the charges assessed by the issuer.  
The disclosure must comply with all of the following:



- Be in English and the local language equivalent
  - Be as high a contrast or resolution as any other graphics on the terminal
  - Contain the notice: Fee Notice “(Member Name) will assess a fee to cardholders for international ATM Cash Disbursement. This fee is added to the amount of your transaction and is in addition to any fees that may be charged by your financial institution.”
- Identify the recipient of the Access Fee
  - Inform the Cardholder of the Access Fee amount
  - Request Cardholder approval of the Access Fee
  - Provide the ability for the Cardholder to cancel the ATM Transaction.

## 2.3 Non discrimination rule

### Domestic

As soon as more than one scheme is offered at the same ATM we need to be in line with the non-discrimination rule which exist for both schemes.

As VISA does not allow to distinguish between the VISA products TRXs we can't support surcharging on domestic TRXs at ATMs where both schemes are offered.

To be in line with the VISA rules we have to surcharge all TRX.

To be in line with MC rules we are only allowed to surcharge all MC TRXs in Germany, on Mastercard Debit in UK and Maestro in Austria only.

That would mean that VISA national TRXs would have a disadvantage in comparison to MC national TRXs

In the end that means that it is against the rules if we raise a surcharge for both schemes at the same ATM for domestic TRXs.

(The following is not relevant for UK but maybe an option for Ireland) If you would like to proceed and exclude MC from the ATMs we need to go through a registration process for domestic surcharging on VISA side and need to amend our system and I think there are some amendments on processor side necessary. Just let us know.





## International

To be in line with the rules we are allowed to surcharge international TRXs under the non-discrimination rule for both schemes at the same ATM as long as a surcharge is raised for VISA- **and** MC-cards which are issued out of VISA Europe territory.

This is inconsistent from a VISA perspective from my point of view as they normally argue that all VISA card products needs to be treated equally but it was confirmed by some VISA representatives from the US in a phone call (Global Head of the Visa / PLUS ATM Network).

## 3 Conclusion

From our point of view it is only possible to proceed with surcharging on international TRXs as long as surcharges are raised for both schemes at the same ATM. If that is in line with local law and regulations (in any European country but especially in Ireland a hot topic we believe).

In Ireland we recommend discussion with the regulator with regard to surcharging. However, a counter argument could be put forward that Independent ATM Deployers are not regulated and so the regulator has no authority to intervene.

Also here we need to make a minor amendment to our system, there are also some amendments on the processor side.