IntelliPay Payment Suite
Payment Models

IntelliPay™

Ninety percent of credit card transactions are on high-cost reward credit cards. Merchant margins are paying for someone else's perks. IntelliPay's fee-based payment models re-coup up to 4% of your credit card processing costs by adding a fee to all credit card transactions. The fees a business can add to a transaction vary by industry, level of competition, transaction type, and geography. There are five fee or payment models:

- Traditional (Absorb) Fee
- Service Fee
- FairPay (Surcharge)
- Site
- Convenience

Traditional (Absorb) Fee

The most commonly used model. The merchant pays or absorbs all the processing costs as a cost of doing business.

Pros
- Easy-to set-up
- Single merchant account
- Simple Compliance
- No restrictions - available nationwide

Cons
- Merchant pays all the processing related costs
- Cash and non-card paying customers
- subsidize credit card sales
- Margins decrease every time rates go up – rates are reviewed twice a year

Service Fee

Service fees are subject to VISA rule ID #0029275 which spells out how governments and educational institutions can charge credit and debit cardholders a fee on each transaction. Service fees are either a fixed dollar amount or a percent of the transaction fee for payment of taxes, fines, fees, tuition, etc.

Pros
- Legal and card brand compliant way to shift processing costs to cardholders
- Eliminates processing costs –a no-cost
- processing solution
- Can be added to debit and credit card transactions
- No state restrictions –available nationwide

Cons
- Only for government and educational institutions
- Limited to the following merchant classifications or MCCs: 8211; 8220; 8244; 8249; 9211; 9222; 9311; and 9399

FairPay (Surcharge Fee)

This fee is for credit card transactions only and is typically a percentage of the amount owed by the customer but could be a flat fee as well. Merchants are allowed to charge up to their effective rate, calculation based on transaction volume, or up to a maximum of 4%.

IntelliPay offers a surcharge calculator at www.Intellipay.com where businesses determine their effective rate. Under the surcharge fee option, the merchant collects the fee and uses the fee to offset their processing costs.

Pros

- 100% legal and compliant way to shift processing costs to cardholders
- Eliminates expensive processing costs
- Improves margins
- Levels the playing field for cash and debit card paying customers
- Shifts processing costs to the cardholder who chooses convenience

Cons

- Limited to credit card transactions only
- Prohibited on prepaid, gift and debit card transactions
- Prohibited in Colorado, Connecticut, Kansas, and Massachusetts
- Requires processor with experience in fee-based options
- Complex requirements

- The surcharge fee must be the same for all credit card transactions of that brand, regardless of the issuer.
- The surcharge fee can be no greater than the merchant's average discount rate for that brand's credit card transaction.
- The surcharge fee cannot exceed 4%.
- Notices must be placed at Point of Entry, Point of Sale, and before check-out on web.
- Debit and pre-paid cards not permitted.
- Merchant registration with card associations and acquiring bank required.

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Site Fee

Site Fees are an alternative fee-based option for businesses using the IntelliPay platform. IntelliPay adds either a percentage or flat fee to a consumer transaction using their software or technology. IntelliPay uses site fees to pay for software, maintenance, processing, and customer support making the site fee option a revenue neutral solution for the merchant. Site fee puts the majority of PCI compliance out of scope onto IntelliPay eliminating the time and costs associated with annual certification.

Pros

- Card brand compliant
- Can be added to credit and debit card transactions
- Flat rate or percentage
- Eliminates merchant fees and maintenance
- of processing accounts and software
- Takes PCI compliance out of scope for
- merchants
- No state restrictions – available nationwide

Cons

- Two transactions
- Two merchant accounts

Convenience Fee

A convenience fee enables the merchant to charge a flat fee that is levied for the privilege of paying for a product or service using an alternative payment channel, or a payment method that is not standard for the merchant. Under the convenience fee option, the merchant collects the fee and uses the fee to offset their processing costs. Movie theaters, for example, typically sell tickets face-to-face in the box office. However, if a movie theater gives customers the alternative option of paying by phone or online using a credit card, then that theater could charge a “convenience fee.” So technically, the customer is not paying for using their credit card, but for the privilege of using the pay-by-phone or online option.

Pros

- Card brand compliant
- Flat fee
- Can be added to debit and credit card transactions
- Eliminates merchant fees for payments made through alternative payment channels
- Improves margins
- No state restrictions –available nationwide

- Cons
- Fees can only be charged on payments made through alternative payment channels
- Not applicable to all industries or business types