What's going on?

A credit card merchant or interchange fee will now be passed through to the card holder for any payment made using a credit card.

What is an Interchange fee?

An interchange fee is designed to cover the costs associated with accepting, processing and authorizing card transactions. A small portion of the interchange fee goes toward the credit card processing service, and the rest goes to the bank or credit card company associated with the card that was used to make the purchase.

Why was this done?

Until now, each credit card transaction would cost BPUB a minimum fee of $1.65 per transaction with additional surcharges if the payment was done using the IVR (phone payment system). In FY 2023 alone, BPUB spent more than $795,000 just on credit card fees.

How much is the merchant/interchange fee?

Each credit card transaction will incur a fee of 1.95% or $2.50, whichever is greater. Credit card payments made using the IVR will see an additional $0.95 charge. The reason for the IVR surcharge is because an additional service is required to take the data from the IVR to InvoiceCloud to process the payment.

What will BPUB do with the cost avoidance?

The money saved will go back into the improvement of the utility system. This could mean hiring additional staff, increasing available assistance programs, and putting more funds into capital improvement projects.

Is BPUB the only utility that has fees for credit card transactions?

Most municipalities and utilities already have merchant/interchange credit card fees in place. The merchant/interchange fee that BPUB secured at 1.95% is one of the lowest for customers.

Will there be merchant/interchange fees for any other forms of payment?

No, there will only be an added fee for using a credit card for payment. Customers who pay by cash, check, E-check, or ACH will not incur any additional fees.

<u>Important Notes:</u>

- Begins October 1, 2024
- This merchant/interchange fee is not a revenue source for BPUB. It is a complete pass-through from the card holder to the payment processor
- $1,000 maximum per transaction, no minimum charge per transaction, and no transaction limit (number of swipes)