



Rally Retailers

CLAIM YOUR SHARE OF 5.54 BILLION

Payment Card Interchange Fee and Merchant
Discount Antitrust Litigation



Introduction

Visa and Mastercard have been involved in a series of class action and antitrust lawsuits over the past few years.

As a result of these cases, big opportunities have opened for SMBs to claim their share of a huge settlement, while also dramatically reducing their cost of accepting card payments by implementing the most recent version of FTC and card brand rules.

This short eBook will walk you through these recent changes. We hope this information, together with the advice and services provided by our network local partners, will prove valuable to your business.

****Disclaimer:** Rally Retailers, our local partners, (authors of this content and our representatives) are not attorneys. Nothing in this document constitutes legal advice. These are our opinions and we recommend seeking the advice of a legal professional whenever needed.*



Department of Justice Sues the Card Brands

The "In Re-Payment" litigation is actually the first of two lawsuits. The second lawsuit was issued by the DOJ when they sued the card brands for over \$7 billion dollars due to price fixing and anti-competitive practices. These two historic cases have had a major impact on the payments landscape.

FIRST CASE:

<https://www.sec.gov/Archives/edgar/data/1141391/000114139118000119/ex101-mdlclasssettlement.htm>

SECOND CASE:

<https://www.justice.gov/opa/pr/justice-department-sues-american-express-mastercard-and-visa-eliminate-rules-restricting>



The Card Brands Implemented Anti-Competitive Pricing

There are two things SMBs need to understand about the actions of the card brands (Visa and Mastercard) that were challenged by these cases.

1. The card brands conspired together to "fix" interchange fees, causing merchants to pay higher costs.
2. The card brands imposed and enforced rules that limited merchants' ability to steer their customers to other payment methods, such as cash.

Due to recent settlements and rule changes resulting from these lawsuits, SMBs are entitled to a cash settlement to compensate for "price fixing." They now also can incentivize their customers to use lower cost forms of payment.

Who are Visa and Mastercard

Visa and Mastercard are "card brand networks" that represent a collection of the largest banks in the world. These include Chase, Wells Fargo, Bank of America, Capital One, CitiBank, Fifth, Third, to name a few.

U.S. Merchants alone pay over \$130 billion dollars a year in "swipe fees" to these companies. Most of this cost is composed of "interchange fees." These are set by Visa and Mastercard and collected by their banking partners.

Twice each year, Visa and Mastercard adjust and raise these "interchange fees." This traditionally happens once in April and once in October.



What is the Lawsuit/ Settlement All About

Payment Card Interchange Fee and Merchant Discount Antitrust Litigation.



This lawsuit claimed that Visa, Mastercard, and their respective member banks, including the bank defendants, violated the law because they imposed and enforced rules that limited merchants from steering their customers to other payment methods.

Those rules include “so-called”:

- no-surcharge rules
- no-discounting rules
- honor-all-cards rules

These rules insulated them from competitive pressure to lower the interchange fees.

Visa and Mastercard conspired together with regard to “price fixing.”

The defendants’ conduct caused the merchants to pay excessive interchange fees for accepting Visa and Mastercard branded cards.

For the full list of claims, click here:

<https://www.paymentcardsettlement.com/en/Home/FAQ>

Do I Qualify to Collect Money from this settlement

If you accepted Visa or Mastercard transactions at your business between January 1, 2004, and January 25th, 2019, there is high likelihood that you are owed financial compensation from this class action lawsuit.

You must file your claim to receive your portion of the \$5.5 billion settlement. The amount received will depend on the amount of interchange fees paid between 2004 and 2019, as well as many other factors.



Click Here (<https://www.paymentcardsettlement.com/en/Login>) to File Your Claim, if you have not done so already.



**FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS**

Certain Rulings Already Took Effect

The FTC issued MAJOR rule changes related to the card brands as a result of the DOJ's lawsuit. These rulings can **drastically impact your business finances.**



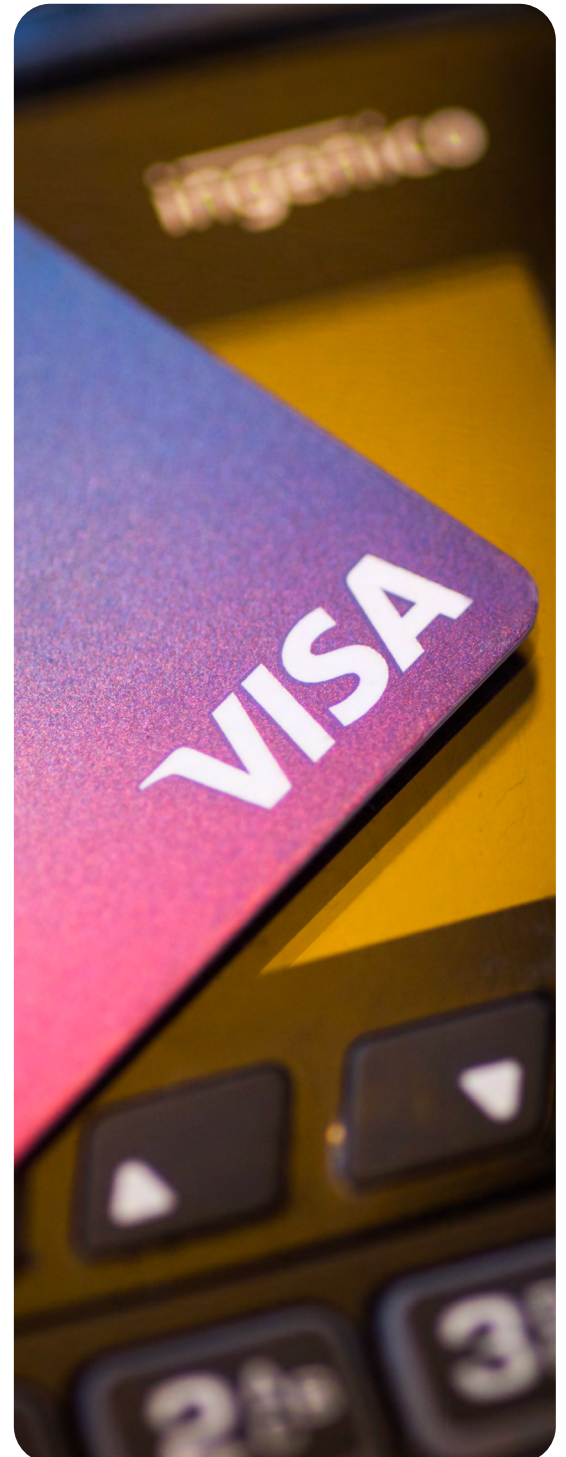
New Rules for Payment Card Networks (PCN)

The FTC, because of the DOJ's lawsuit, has updated the rules and made it clear that businesses are now able to steer customers to certain payment types, using discounts or incentives. Here is an excerpt from this page:

<https://www.ftc.gov/business-guidance/resources/new-rules-electronic-payments-lower-costs-retailers>

"A PCN cannot stop you from offering your customers a discount or another incentive for using a certain method of payment, as long as you offer it to all your customers and disclose the offer clearly and conspicuously. For example, you can offer your customers a discount or a coupon if they pay with cash or a debit card rather than a credit card. But the new rules do not address other PCN restrictions that may prevent you from offering discounts or similar incentives that vary based on the use of a card from a particular issuer or a particular PCN."

What's new about that? In the past, PCNs may have prohibited you from offering a discount to a customer who used one kind of payment — say, a debit card — rather than another, like a credit card."



Why This Rule Change Matters

Implementing these rules into your business correctly can immediately put hundreds, or even thousands of dollars per month back into your pocket, depending on the size of your business and volume in payment processing.



How To Correctly Implement These Rulings



Incentivize Cash Payments

Remember, the ruling states that a PCN can no longer prevent you from incentivizing your customers to use less expensive forms of payment.



Offer Dual Pricing

Offer one price for cash and a slightly higher price for cards. We realize this can be difficult to implement, but hang tight! We've got you covered.



Anticipate Customer Responses

Do these pricing strategies actually encourage customers to pay with cash? No, not really. Most people prefer the convenience of paying with their card and will continue to do so.



Eliminate Processing Fees

Implementing these rule changes, can save you hundreds, if not thousands, of dollars you would normally pay each month in card fees. Plus, your customers receive a nice discount when they pay with cash.

Important Information

Visa/Mastercard, as well as certain states, still regulate how these rulings are implemented, and they will fine you if you are not compliant. Implementing these rulings on your own is NOT advised.

- For violations of the card brand rules, businesses can be fined \$1,000 per occurrence, increasing to \$5,000, \$10,000, and \$25,000 per occurrence for repeated violations.
- There is only ONE truly compliant way to implement a “cash discount.” We will show you in the next couple of pages.

For the sake of your merchant account and your wallet, be sure you’re on the right side of state and federal laws as well as card brand regulations before implementing such a program.



Programs for Compliant Implementation

Rally Retailers works through a network of local partners that provide expertise, programs and services designed to help you implement these rulings in your business. Each of our local partners has informed us of their intention to offer programs with the following benefits:

Fully Compliant Program

- State and federal law
- Card brand regulations
- Data Security Standard

Implement At No Cost

- No setup fees
- Free equipment
- Free customer explanations

Keep Your Money

- No more credit card fees
- Set it and forget it.
- Next day funding available

Rally Retailers does not assume responsibility, legal or otherwise, for products and / or services offered by local individuals and companies who have agreed to follow up with SMBs. Our goal is to inform local SMBs and make introductions to local individuals who may have expertise in these matters. Any additional dealings between merchants and these individuals or companies is outside the scope of our control or responsibility.

Free Equipment

- Automatically give your customers a choice at checkout. When customers chooses cash, they receive a discount. When they prefer to pay with a card, the extra money is automatically used to cover the cost of accepting their card.
- Instead of raising your prices across the board every time the card fees go up, you now offer your customers a discount!
- You never have to worry about card fees again!
- This solution increases cash flow immediately; compliance is handled for you; and everything is automated for your convenience.
- You may also qualify for a fully functional point-of-sale system to help you operate faster and more efficiently.



Breaking News

On March 26th, 2024, Visa and Mastercard agreed to another settlement valued at \$30 Billion for U.S. Merchants.

This newest settlement is not yet finalized, but the effects will be felt in the near future. Rally Retailers will keep you updated on these changes.

Here is what we know:

#1 - Visa and Mastercard have agreed to reduce the cost of interchange.

#2 - Visa and Mastercard have agreed NOT to implement price increases for 5 years.

#3 - Visa and Mastercard have further changed their rules to allow more flexibility for programs that encourage customers to use alternate forms of payment.

"For the avoidance of doubt, nothing in this Paragraph shall prevent a merchant from employing a dual pricing scheme in which the merchant discloses to customers a total price for a transaction using a Visa Credit Card and a separate total price for a transaction using cash."

CLICK HERE to file your claim:

<https://www.paymentcardsettlement.com/en/Account/CreateAccount>

Breaking News

What does this mean for your business?

#1 - If still on flat-rate pricing, tiered pricing or some other pricing that doesn't pass the true cost of interchange through to your business, you won't benefit from these changes. Your payment processor will likely keep any savings, while holding your price the same.

#2 - There is further justification for implementing a program with differential pricing to help you offset the cost of payment processing. Remember, these rules still vary by state. Work with a local payments expert to learn what programs are available to you.



CLICK HERE to learn more about this settlement: (<https://www.cnn.com/2024/03/26/economy/visa-mastercard-swipe-fee-settlement/index.html>)

We wish you the **BEST** of success!

Armed with your new knowledge,
it's time to take action.

- ✓ Claim Your Share of the Settlement
- ✓ Cut Costs With Payment Incentives
- ✓ Navigate Payment Rules Confidently



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