

PCBancard Training — Day 3 Notes

September 16, 2026 | Surcharging & Dual Pricing | Hosted by Jason Reed

OVERVIEW

Day 3 completed the Good/Better/Best framework. After a brief review of traditional processing and the 4 fee categories, the session moved into surcharging and dual pricing — how each works, how they're priced, compliance requirements, and the sales mindset that closes deals. By the end of this session, you have everything you need to walk into a business and have an intelligent conversation.

SURCHARGING — THE BETTER OPTION

Surcharging gives merchants the ability to pass along a surcharge on credit card transactions only. The merchant continues to absorb all fees on debit card transactions.

The Rules

- **Credit cards only.** Debit cards cannot be surcharged under any circumstances. This is the single most common compliance mistake in the industry.
- **Maximum 3%.** The surcharge cannot exceed 3% on any transaction.
- **Signage required.** Merchants must post a notice at the point of sale stating they add a 3% surcharge on credit card transactions.
- **State restrictions.** A small number of states restrict or prohibit surcharging. Colorado is the clearest example — surcharging is not compliant there. Some states (including New York) cap surcharging at 2%. Always verify before setting up a merchant.

Why Most Surcharging Out There Is Non-Compliant

Approximately 70% of merchants currently doing surcharging are doing it in a non-compliant way — primarily because their processor's technology surcharges debit and credit cards the same.

- **The fine:** Visa imposes a \$5,000 fine per violation. In Jason's example, roughly 2,100 businesses were fined just last month. The processor doesn't get fined — the merchant does.
- **How Visa enforces it:** Visa employs approximately 25,000 secret shoppers nationwide. They walk into businesses, use a debit card, and if any fee is added to the transaction, they report it and collect \$50. The merchant gets a \$5,000 fine.
- **Why processors let it happen:** The processor makes money while the merchant runs the program. When the merchant gets hit with a fine and complains, the processor just lets them cancel. The risk is entirely the merchant's.
- **PCBancard's protection:** Our terminal automatically reads whether a card is a debit or credit card. If it's a credit card, it adds 3% automatically. If it's a debit card, no surcharge is added. The machine does the work — merchants never have to guess.

How Surcharging Is Priced

PCBancard sets merchants up at a 3% flat rate on all transactions (both credit and debit). The 3% on credit card volume is passed directly to the consumer via surcharge, so the merchant pays nothing on those transactions. The 3% on debit card volume is the merchant's fee.

Real example — Tony B's bike shop (\$100K/month, 70% credit / 30% debit):

- Before PCBancard: 3.25% + \$0.10/transaction = \$3,300/month in fees.
- With surcharging at 3% flat: 3% on \$70K credit = \$2,100 paid by consumers. 3% on \$30K debit = \$900 paid by merchant. Total merchant cost: \$900/month.
- Monthly savings: \$2,400. Annual savings: \$28,800.

The daycare example from Day 2: traditional saved \$2,500/year. Surcharging on the same account saved \$12,000/year. Same merchant, same volume — different program.

Debit rate flexibility: PCBancard's cost on regulated debit is ~0.80% (interchange + card network fees). Anything collected above that on debit is profit split with the rep. In most cases, Jason prices debit at 3% for maximum profitability, but there is wiggle room down to 1–2% for very debit-heavy merchants where savings need to be maximized.

Tips and Taxes on Surcharging

Two nuances that come up with restaurants and service businesses:

- **Taxes:** It is entirely the merchant's choice whether the surcharge is applied before or after tax. About a 50/50 split in practice. Leave it up to them.
- **Tips:** In standard US practice, tips are added after the transaction is run. If the tip is added after the card is charged, the surcharge cannot be retroactively applied to the tip — adding it would be fraud. The merchant pays interchange on those tips. To avoid this, some merchants ask for the tip before running the card (adding the surcharge to the full amount including tip). Most businesses won't change their tip flow, and that's fine — they were already paying fees on tips before.

Cash Discount vs. Surcharging

These terms get used interchangeably in the industry, but they are not the same thing.

- **Surcharging:** Items are priced at their normal (cash) price. A surcharge is added for credit card use.
- **Cash discounting:** All items are priced at the card (higher) price. A discount is offered to customers who pay cash. The merchant must raise all shelf/menu prices to the card price, which most don't want to do (they don't want customers seeing higher prices). Also, merchants still pay taxes and processing fees on the higher price.

Reason a merchant might ask about "why not just raise prices by 3%": If they raise prices by 3%, they now pay processing fees on 103% of the original amount (not on 100%), pay higher taxes on higher revenue, and must market higher prices. The surcharge program avoids all three of those downsides.

DUAL PRICING — THE BEST OPTION

Dual pricing gives merchants the ability to offer two different prices for the products or services they sell: a cash price and a card price. Unlike surcharging, dual pricing applies to ALL cards — debit and credit. It is not adding a fee; it is simply two different prices, the same model used by gas stations on their signs for decades.

How It Works

When a customer brings an item to the register, the merchant keys in the amount. PCBancard's terminal displays both the cash price and the card price on screen before the transaction is run. The customer chooses how they want to pay. If they choose card, the terminal processes at the card price. The receipt shows one total — no separate surcharge line item.

- **The spread:** For merchants with an average ticket over \$20 (nearly all merchants), the difference between cash and card price is **3.99%**.
- **Small-ticket merchants (average ticket under \$20):** A flat fee is used instead of a percentage. Reason: regulated debit cards cost ~\$0.22 + processing fees per transaction (~\$0.37 total). On a \$7 transaction, 3.99% = only \$0.27 — not enough to cover costs. The tiers: \$1–\$9.99 avg ticket = \$0.59 flat; \$10–\$15 = \$0.69 flat;

\$15.01–\$20 = \$0.89 flat. The flat fee is programmed into the terminal and doesn't change transaction-to-transaction.

- **The merchant's cost:** \$64.95/month — that's it. No processing percentages, no transaction fees, no matter how much volume they do. A \$20K/month merchant pays the same as a \$2M/month merchant.

Fees Included in the \$64.95/Month

The \$64.95 is not a random number — it bundles several fees the merchant was already paying:

- **Account on-file fee** (\$9.95) — the fee to keep their account open.
- **Dual pricing licensing fee** (\$49) — PCBancard's per-account cost for the dual pricing program.
- **IRS government compliance / regulatory fee** (~\$79/year) — the fee the IRS charges merchants to monitor their card processing. Most processors charge this separately. On dual pricing, PCBancard absorbs it into the \$64.95. The merchant never sees this fee again.

***What's NOT included:** The annual PCI fee (\$99/year) is charged separately — it comes from PCI directly and PCBancard cannot include it. However, PCBancard handles the PCI survey on the merchant's behalf (for all processing types — traditional, surcharge, and dual pricing). Merchants don't have to touch it. Non-PCI fees (\$49–\$279/month) from competitors disappear entirely.*

Compliance — Why Only 5 Companies Can Do This

Compliant dual pricing requires approval from all 50 state attorney generals, plus Visa, Mastercard, American Express, and Discover. The approval process involves financials, deal counts, BBB standing, and more. There are currently only about 5 companies nationwide that are approved. Competitors who can't offer compliant dual pricing instead set merchants up on surcharging (including on debit cards), exposing them to \$5,000 Visa fines.

***Signage and menu compliance:** Visa requires the consumer to see both prices before the time of sale. PCBancard's terminal handles this automatically. For businesses that display prices (restaurants, service menus), PCBancard will pay up to \$2,000 to have menus reprinted with both cash and card prices. Not required, but strongly recommended — it eliminates any gray area and reduces consumer complaints.*

Attrition & Consumer Behavior

The main objection to dual pricing is fear of change — merchants worry customers will leave. The data says otherwise:

- **Industry attrition (traditional processing):** ~18% per year on average. PCBancard traditional: ~9%.
- **PCBancard dual pricing attrition: 0.25%.** That is one in every 400 merchants. Once a merchant does dual pricing, they almost never leave.
- **Consumer behavior:** Every study confirms consumer behavior does not change with dual pricing. After reviewing PCBancard's portfolio after the first year of dual pricing, credit card volume across merchants was UP 12% — because merchants reinvested the savings into marketing, staff, and growth, which drove more business and more card transactions.

Jason's estimate: About 80% of consumers don't even notice they're paying a card price. The other 20% don't care, or choose to pay cash next time.

Pricing Flexibility on Dual Pricing

The standard setup is 3.99% spread / \$64.95/month. There is some flexibility:

- **Adjusting the spread:** Can be lowered (e.g., to 2.5%) at the merchant's request. The rep pays the difference — it comes out of their 1% residual. In practice, virtually every merchant who starts at a lower spread asks to go to 3.99% after a month.

- **Waiving the \$64.95:** Technically possible, but not recommended. Jason tried a campaign eliminating the fee and found merchants were skeptical — "too good to be true" worked against the sale. The \$64.95 is also what funds the rep's 1% commission.
- **Equipment:** Always billed separately (separate ACH from the processing statement). PCBancard keeps it off the statement intentionally so competitors can't undercut it in a proposal by promising to "eliminate" that line item.

Best Industries for Dual Pricing

Gas stations, restaurants, bars, auto sales, auto service (mechanics especially — they have the car for a day or more, so the customer has time to go to the bank if needed), salons, pet groomers, veterinarians, chiropractors, financial services, accountants, tax preparers, lawyers. About 80% of PCBancard's current business comes from dual pricing. Mechanics are called out as especially easy — there's one on nearly every corner and they are highly receptive.

Give Back Program

On dual pricing, PCBancard offers a charity program: 5 basis points of the 3.99% spread is donated to a local charity of the merchant's choice. PCBancard cuts the check — no money comes out of the merchant's pocket. Minimum check is \$25 (requires ~\$50K/month in processing volume). Reps can bundle multiple smaller merchants to reach the \$50K threshold.

Why this matters practically: merchants can post a sign next to the terminal saying a portion of the card price goes to [local charity]. Consumers who see it are far less likely to object. Groups of reps bundling dozens of merchants have used this program to get local press coverage and present meaningful monthly checks to charities — generating significant goodwill and referrals.

THE SALES APPROACH

Sell Growth, Not Savings

The most important shift in this business: don't lead with "I'm going to save you money." Every rep, every phone solicitor, every salesperson leads with savings. It's white noise. Business owners care about growth.

- The frame: "What are three things you'd like to do to grow your business? Why haven't you done them? If I could show you how to fund those things by eliminating one of your top three expenses, would it make sense to talk?"
- Most businesses operate on a 6–12% profit margin. Eliminating credit card fees can add 3–6 percentage points directly to that margin — something virtually nothing else in their business can accomplish as quickly. That's the case you're making.
- Data point: After implementing dual pricing, merchants across PCBancard's portfolio saw a 12% *increase* in credit card volume — because they reinvested the savings into growth that drove more revenue.

Presenting the Three Options

Jason's preferred order: present traditional first, then jump to dual pricing, then stop talking. If the merchant has concerns about dual pricing, step back to surcharging as the middle option.

- Traditional → Dual Pricing → (if needed) Surcharging. Don't hard sell any of them.
- "I don't care which direction they go, as long as it's not no." Every deal — even traditional — builds your book of business and positions you for the upgrade later.
- Fear of change is the primary objection. Acknowledge it. Use the attrition stat (1 in 400 merchants on dual pricing ever leaves) and ask if you can simply try it — if they don't like it, you'll move them to surcharging or traditional.

Walking In Cold

Opening line when walking into a business: "I'm sorry, I can't stay long."

Business owners are conditioned to tune out salespeople. Leading with "I can't stay" signals you're not there to trap them for 30 minutes. It creates curiosity and drops their guard. Drop a flyer. Get the statement. Come back.

Flyers & Prospecting Materials

Three flyers are in every rep's packet (personalized with your name and PCBancard email once your paperwork is signed):

- **"Who is PCBancard"** — company overview, services offered, contact info. Use this for first contact.
- **Dual Pricing flyer** — condensed pitch book focused on dual pricing. Equipment options, savings comparison (traditional fees vs. \$64.95/month). Some reps hold this one for a follow-up appointment.
- **Cash Advance flyer** — additional service PCBancard offers. Training on this comes later.
- **Good/Better/Best flyer** — shows all three options side by side. Great leave-behind after a conversation.

NEXT STEPS

- Get out and start collecting statements. Jason will run all three proposals for you.
- Complete your agent paperwork if not done — your personalized flyers are ready as soon as your PCBancard email is set up.
- Next week: sales presentations — how to walk in, how to sit down, how to close.