New Poll Show Reveals Potential Effect of Credit Card Surcharges

August 22, 2012 - Beginning next year, merchants that accept Visa and MasterCard as a payment option will have the ability to place a surcharge on any transaction in which credit cards are used. That ability is as a result of a class action law suit settlement. The suit was filed by merchants who were unhappy with the fact that both Visa and MasterCard had clauses in their merchant agreements preventing merchants from using pricing policies that included discounts for cash transactions. The lawsuit also accused the companies of colluding to fix the prices that merchants were being charge for each credit card transaction. Now, a new poll shows that if merchants do decide to include surcharges for credit card transactions, it could actually reduce their business.

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CreditCard.com commissioned the poll using scientific sampling methods. The poll was run by GfK Roper Customer Research North America. The results showed than nearly 2/3 of Americans would curtail or completely stop using credit cards if they were charged extra for their purchases.

Consumers who were contacted during the poll were asked if they would be willing to pay a 2% surcharge on their credit card purchases. The poll sampled just over 1,000 people from August 3rd through August 5th. The margin of error was plus or minus 3%.

Only 2% of respondents said that they would be willing to pay a fee of 2%. And only 1/3 of those surveyed said that they would be willing to pay any fee.

The results of the survey vary widely based on age. 48% of respondents under age 35 would be willing to pay some form of fee. But for those 50 and older, only 30% would be willing to pay any fee.

Income also made a significant difference in the response. A majority of respondents making less than $40,000 per year would be willing to pay a fee. At the same time, 71% of those making $75,000 or more per year said that they would stop using credit cards altogether if merchants began placing surcharges on their credit card purchases.

The results of the survey indicate that it will be very difficult for merchants to implement surcharges without negatively impacting their businesses. Additionally, there are ten states that prohibit surcharges altogether; California, Colorado, Connecticut, Florida, Kansas, Main, Massachusetts, New York, Oklahoma and Texas. But there may be more than one way to skin the cat in these states.

Rather than placing a surcharge on purchases, merchants could very easily just offer discounts for cash. This would likely keep consumers happy and, at the same time, avoid issues associated with state laws in all but three of the states name; Connecticut, New York and Texas.

The results of this survey may also be less accurate than the margin of error indicates. While consumers may not like the idea of surcharges, it's one thing to tell someone who calls you on the phone that you won't use credit to make a payment. It is something completely different when your car is broken down and you don't have the cash available to pay for repairs. Some consumers are likely to feel that they have absolutely no choice but to pay whatever surcharges are levied.

byJim Malmberg

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