

STRICTLY PRIVATE AND CONFIDENTIAL

# **CHASE PAYMENT SOLUTIONS - SMALL BUSINESS INTERCHANGE REDUCTIONS FOR CFIB MERCHANTS**

September 2024



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## 1. Implementation Details

**CFIB Question:** Can you confirm whether you plan to fully pass along the fee reductions to qualifying merchants? If not, how much will you pass along?

**Chase Response:** The responses contained in this document refer only to Chase Paymentech Solutions, JPMorgan Chase's merchant acquiring entity in Canada. Chase Paymentech Solutions adheres to regulatory initiatives, in part, through implementation of Payment Brand Rules, thus plans to fully pass along these interchange reductions to qualifying merchants.

## 2. Timeline

**CFIB Question:** When will the new rates be in place for your merchant clients?

**Chase Response:** October 18, 2024

### 3. Rate Structure

**CFIB Question:** How will you implement the new rates for businesses on Interchange Plus Pricing (IPT), Merchant Discount Rate (MDR), and bundled rate structures? We would appreciate a table detailing the major rates you charge now against the rates planned upon program launch.

**Chase Response:** Please refer to the below table.

	Current Rates for CFIB Merchants	New Rates for Qualified CFIB Merchants with Small Business Interchange Reductions Applied (as of Oct 18, 2024)	Reduction
IPT			
	IPT + 0.20%	Chase rate of <b>0.20%</b> remains the same, but full amount of interchange reduction is passed through	
Visa (MDR)			
Electronic	1.2596%	0.8296%	0.13% - 0.43%
Everyday Needs	1.1096%		
Gas	1.0796%		
Grocery	0.9596%		
Mastercard (MDR)			
	0.9336%	0.7436%	0.19%
Bundled			
	2.50%	2.36%	0.14%

## 4. Client Notification

**CFIB Question:** What steps will be taken to notify merchants about the rate reduction?

**Chase Response:** Through our merchant pricing notification process, qualifying merchants on interchange “pass-through pricing” were notified on July 18th, 2024. Qualifying merchants on non-interchange “pass-through pricing” were notified on August 28th, 2024.

## 5. Verification Process

**CFIB Question:** What process do you have in place for merchants to verify that they have received the rate reduction? Is there an acquirer or industry-based verification process in place to allow merchants to confirm whether they qualify?

**Chase Response:**

In relation to ensuring qualified merchants receiving the rate reductions, the Payment Brands validate the following for Chase:

**Visa and Mastercard:** Visa and Mastercard will determine which merchants qualify for their interchange reduction programs

For merchants to independently validate,:

**General awareness:** Chase has integrated generic statement messaging, which points them to our PBI landing page

**For all qualified merchants:** Because the rate change occurs mid-month in October, a qualified merchant will see their regular rate table on their statement from Oct 01 – Oct 17. Then, they'll see the second set of reduced rates on their statement from Oct 18 – Oct 31. This is one way they can validate if they've qualified and received the reduction.

**Additional validation:** If the merchant is still unsure, they may call Chase's 24/7 customer service number (1-800-265-5158) to validate their qualification after October 18, 2024.



## 6. Merchants with Multiple Locations

**CFIB Question:** How will you guarantee that merchants with multiple locations will see the reductions/savings?

- **Chase Response:** The Payment Brands have created metrics to determine merchant qualification. Each network treats multiple locations differently. If a merchant's transaction volume is deemed qualified by Visa and MasterCard, they will receive the applicable respective reductions

## 7. Reductions Not Passed On

**CFIB Question:** If you do not plan to pass the full reduction along to merchants, can you please let us know why you will not be doing so and how you plan to communicate that to your merchant customers.

**Chase Response:** Not applicable.

## 8. Contract Exit Process

**CFIB Question:** What process can merchants follow if they wish to exit their contract in the event that the reductions are not passed on?

**Chase Response:** Not applicable, however, if there are concerns, merchants may contact our toll-free customer service line.

## 9. Rate Increases

**Question from CFIB:** Have you announced any rate increases in the past 3 months (or have plans to in the near future) that may reduce the amount of savings small merchants see this fall? If so, please let us know the size and reason for any increase (including the recent legislation around GST/HST).

**Response from Chase:** Chase has not announced any rate increases in the past three months. However, we continuously review our portfolio and reserve the right to adjust rates, in compliance with the Code of Conduct.