

CONVENIENCE FEE

Frequently Asked Questions:

Q: What is a convenience fee?

A: A convenience fee is a fee that is paid to a credit card vendor for processing credit card payments.

Q: Why am I paying a convenience fee to use my debit/credit card to make a payment?

A: The credit card companies, Visa/MasterCard/Discover/American Express, charge per transaction fees to merchants, such as McAllen Public Utility (MPU), that accept their debit/credit cards. The actual fee charged depends on the card accepted, method of acceptance, etc. The vendor, **Hamer Enterprises**, is in the business of accepting debit/credit card payments on behalf of merchants such as MPU. There is no cost to MPU; the cost is charged only to those customers who elect to use their debit/credit card to pay for utility services.

Q: Will I be charged a convenience for direct debit payments (automatic bank draft) or any other form of payments through my bank:

A: No, only utility services paid for with a debit/credit card or e-check will be charged a convenience fee.

Q: Why is the City in partnership with Hamer Enterprises?

A: Last fiscal year, the City paid just under \$224,000 in credit card processing fees. As the number of credit card payments from utility customers has grown and continues to grow, the City has elected not to continue to absorb the cost as a part of doing business. Approximately 24% of our utility service collections are paid by customers using a debit/credit card. Of the variety of ways customers can pay for their utility services, credit card acceptance is the most expensive. Rather than pass the credit card processing cost on to all our utility customers, the McAllen Public Utility Board voted to hire an outside vendor to accept the credit card payment, and have customers electing this payment method, pay the vendor.

Q: Does MPU receive a percentage of the fees charged by Hamer Enterprises?

A: No. There is no compensation paid back to MPU. MPU benefits by not having to pay the credit card acceptance fees as a part of doing business. The 76% of our customers who do not pay by credit card benefit by not having this additional cost passed on to them in the form of increased utility rates or increased service charges.

Q: Does MPU accept other forms of payment for which I will not be charged a fee that are more convenient?

A: MPU accepts payments that are automatically drafted from your bank account (ACH debits). With automated bank draft, you can avoid writing checks, buying stamps and waiting in long lines at a payment center. Each month, your utility bill will be paid directly from your checking or savings account on the due date shown on your bill.