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as a fee for accepting credit cards. The amount of the rate will vary depending on the type of transaction, but averages about 2 percent of the purchase amount. The interchange fee is typically higher for online purchases than for in-person purchases, because in the latter, the card is physically present and available for inspection."

With the MasterCard/Visa settlement in 2013 that dealt with surcharges, the focus of regulators has settled on how interchange is set and charged. While some larger retailers like Wal-Mart are able to negotiate their interchange rate, smaller merchants are not. Because this is a relatively fixed cost, the interchange rate can be figured into your product and service pricing. However if you opt to charge a fee outside the transaction, there are specific rules you need to follow.

1. Notify your credit card issuer (for example, MasterCard/Visa) that you intent to charge check out fees. This must be done at least 30 days in advance of implementation. MasterCard and Visa both have forms on their site to assist in the processes.
2. Inform your acquiring bank of your intent to surcharge as well. Your merchant processing vendor can help you do this as well.
3. Prepare your signs and messaging for the charge. To surcharge, you must have a statement clearly posted that you are charging for the use of a credit card. MasterCard and Visa have information on their website that can assist you.
4. Determine what your surcharge will be. You cannot charge different fees for different cards, so make sure you take into account the higher fee credit cards such as rewards cards.

Remember that a surcharge or convenience fee might seem like the best way to offset the costs of allowing your customers to pay with a credit card, but consumers generally balk at fees. Will your added surcharge encourage a customer to pay with cash or check, or will it discourage them from doing business with you? The only right answer is the one that makes sense for your business.

Calendar of Events

OCTOBER	
10.27	Webinar: BPO (Bank Payment Obligation)
NOVEMBER	
11.1–11.6	Business Credit Principles
11.2	Webinar: Developing High Performance Teams
11.4	Webinar: Canadian Bankruptcy Law Buffet-Style with a US Garnish
11.9	Webinar: Using Data to Monitor Collector Performance
11.9	Certification Exam Date
11.10	Heartland Lunch & Learn - Best Practices a Roundtable Discussion
11.10	Leadership Webinar: Conflict Resolution
11.16	Webinar: UCP: The Final Countdown to Spring Reporting
11.18	NACM Heartland Construction Meeting
11.18	Webinar: How Smart Credit Policies Improve Collection and Litigation Results
11.19	Webinar: Letters of Credit - Day 1
11.24	Webinar: Letters of Credit - Day 2
11.26	THANKSGIVING – NACM Heartland wishes you, all the joys of this Thanksgiving holiday.
DECEMBER	
12.1	Webinar: Incoterms 2015 - Day 1
12.2	Webinar: B2B Credit Card Acceptance: A Candid Discussion About Acceptance Policies...
12.3	Webinar: Incoterms 2015 - Day 2
12.8	Webinar: Early Warning Signs – Keeping a Pulse on Your Counterparties
12.10	Webinar: Best Practices in Credit – Benchmarking and KPI's
12.14	Teleconference: My Customer Filed Bankruptcy: Now What?
12.16	Heartland Board Meeting & Christmas Dinner
12.25	Christmas – Wishing you a Beautiful Holiday Season
JANUARY	
1.1	HAPPY 2016!!! Wishing you a new year of health, happiness and prosperity
1.4–4.15	Accounting
1.4–3.25	Business Law
1.4–4.15	Credit Law
1.18–4.17	2016 FCIB's International Credit & Risk Management Online Course
1.18	Certification Paperwork Deadline: For the March 14th Exam
1.21	Webinar: The Legal, Credit & Collection Environments in Brazil, Mexico, and Venezuela
1.28	NACM Heartland Construction Meeting

2016 Credit Congress Registration Is Open

Are you ready to be part of a grand tradition of education, professional development and camaraderie among business credit professionals from around the world?

NACM's 120th
CREDIT CONGRESS & EXPO
JUNE 12-15, 2016
CAESARS PALACE
LAS VEGAS
NEVADA

The 2016 Credit Congress and Expo is scheduled for June 12–15 at Caesar's Palace in Las Vegas. Credit Congress offers more than 60 compelling and timely educational sessions. Ranging from the fundamentals to more refined, challenging subjects, our breakout sessions present material in educational tracks like Business and Technical Skills, Credit Management and Credit and Technology.

Special early bird savings are available now through December 11 for full delegate registration. Visit http://creditcongress.nacm.org to register or get more information. And, don't forget to like Credit Congress on Facebook for timely updates.

FALL 2015

HEARTLAND HEADLINER
PUBLISHED BY NACM HEARTLAND UNIT, INC.

The Basics of Credit Card Fees and Surcharges

After a recent lunch and learn on the future of payments, we realized there were a number of questions around some of the credit card processing terms. There is no doubt some of this is complex, but we hope to provide some understanding to what is an accepted form of payment.

Please note, this story addresses credit cards and not debit or prepaid cards. There are different rules and regulations governing those payment methods. First, it is important to understand there is a difference between a surcharge and a convenience fee.

Surcharge: Surcharges are fees that a retailer adds to the cost of a purchase when a customer uses a charge/credit card. A surcharge is a percentage of the value of the sale. For example, if a cardholder purchases $100 in construction material, a merchant may add a surcharge of 3% to the total purchase.

Convenience fee: A convenience fee is a flat fee added to the cost of a transaction. The significant difference is that a convenience fee is an option when you provide your customer an alternate payment channel than you normally accept. For example, movie theaters typically sell you a ticket in a face-to-face environment. If you purchase a ticket through a phone or website, you may be charged a convenience fee for making the purchase outside the normal channel of business not because you used a credit card, but because you made the purchase in the comfort of your own home.

In both scenarios, credit card companies have specific rules in how you can actually execute a surcharge or convenience fee. Your credit card processor should be able to help you identify what these rules are. **However, know that at least 10 states – California, Colorado, Connecticut, Florida, Kansas, Maine,**

Massachusetts, New York, Oklahoma and Texas have laws that prohibit retail surcharging. So even while credit card companies allow surcharges under certain circumstances, these states have made it illegal. To circumvent the rules around surcharges, many companies have adapted the retail strategy of incorporating the surcharge into the price point of their goods and services.

Because it costs to process credit cards, merchants will explore their surcharge and convenience fee options. The fee to process credit cards is called interchange. According to creditcards.com, "the interchange fee, also called the discount rate or swipe fee, is the sum paid by merchants to the credit card processor

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CONGRATS

New NACM Heartland Officers Sworn In

At the 2015 NACM Heartland annual meeting, **Kevin Quinn** of Key Coop was sworn in as this year's chairman. **Kari Madole** of Liberty Ready Mix was named vice chairman. In addition, **Joel Halverson**,3E; **Steve Stahl,** Great Western Bank; and **Barry Norton,** Helena Chemical, were elected to the board of directors.

Above, left: Rod Strom, left, past chairman, congratulates Kevin Quinn on his term as chairman. At right, Jennifer Leachman and Carrol Anderson, long-time board members participated in the 2014-15 annual meeting.

September Credit Manager's Index at Yearly Low

Editor's note: *NACM National releases a monthly index called the Credit Manager's Index, which is an economic predictor that measures factors such as sales, new credit applications, accounts placed for collections, dollar amount beyond terms. The results reflect the entire cycle of commercial business transactions, providing an accurate, predictive benchmarking tool. The report is issued on the last day of the month, and credit managers are encouraged to participate in the survey. You may download the entire September report at www.nacm.org/cmi.html.*

So much for that hoped for pattern of one bad month followed by a good one. This month's CMI is as low as it has been in more than a year and this time the problem is in the non-favorable categories—a bigger concern than if the favorable had been the issue. When the unfavorable factors are showing stress, it is an indication that companies are feeling the pinch and may be starting a long downward trend. Prior to this month, this set of readings had been more or less stable and above 50, but in truth—not all that much above 50.

There was a decline in the favorable categories as well—just not quite as dramatic as in the unfavorable group. The overall index fell from 59.2 to 57.7—not a huge decline, but the worst performance in the last 12 months. At the beginning of this year, the favorable numbers had been above 60 and as recently as July hit 63.5. Now there is the start of a more serious slump. The fall-off in the sales category has continued with a reading of 56.4—once again the lowest reading in the last 12 months, but only slightly off the decline last month when it hit 57.9. The new credit applications reading improved just slightly and that is an interesting sign. It went from 57.7 to 58.1, taking this reading close to the previous levels set this year, but it is still the third lowest reading in the last year. The dollar collections category slipped badly and this is a worry. The current reading is 56.4 and this is another 12- month low and substantially down from what it was last month at 58.3. This is not good news at all and reinforces the negatives that show up in the unfavorable categories. The amount of credit extended category fell a little as well, but not as drastically and at least it has remained in the 60s. For the bulk of this year, the favorable factors have been strong—often in the 60s. As recently as July, all of the categories were in the 60s and it seemed to signal the rest of the year would be positive. Now we have a month when almost all the categories have weakened. This is signaling an abundance of caution going into what is supposed to be strong selling season and this is worrying. It would seem that many of the triggers that usually promote growth are not working out—unemployment is relatively low, there is no inflation in the energy sector and there has been improvement in the housing data— nothing seems to be able to shake the lethargy and concern.

The more worrisome data shows up in the unfavorable factors. These are the readings that indicate whether creditors are in trouble. The data for the last year has certainly not been strong, but at least the majority of the readings had been above 50. Now there are only two of the six above 50—the rest have all slipped into the contraction zone. The overall reading for the unfavorable categories is 49.7 and that is only the second time in the last year the combined reading has been in the contraction zone—June saw a reading of 49.2. The most encouraging number was in the rejections of credit applications category as it did not move at all from last month, staying at 51.3. The accounts placed for collection category worsened as it fell from 51.2 to 49.3. This marks the second lowest point in the last 12 months; only June sported a reading that was lower. The category of disputes fell as well. The reading this month was 47.5 and that is among the lowest points of the year, but in truth, the last time this category was over 50 was in November of last year. The majority of the last year has seen a lot of tension between credit issuers and creditors, as overall business conditions worsened. The dollar amount beyond terms category slipped as well—from 49.3 to 47.0 and that is lowest it has been since June. This is another set of readings that has consistently been under 50 and that signals that many companies have been falling into the category of a "slow pay." The dollar amount of customer deductions category has declined, but only slightly from 49.9 to 49.4. The bad news is that this category has been below 50 for most of the last year. The filings for bankruptcies category has been consistently above 50 and it remained so this month despite a slip from 54.4 to 53.3

To read the entire report, visit www.nacm.org/cmi.html.

2015 LUNCH AND LEARN

Best Practices of a Credit Department

November 10
11:30 am–1:30 pm

Des Moines Golf & Country Club
1600 Jordan Creek Parkway, West Des Moines

$35 members / $45 non-members

Join the NACM Heartland board of directors for a roundtable discussion about topics just for credit managers! Bring your questions and own best practices for a lively conversation about:

- How are you managing your data?
- A wide variety of collections issues including how to respond to "I never got the invoice" or the "check is in the mail."
- Lien waivers
- HR and hiring practices

We'll accept topics beforehand – just send them in to Maggie. RSVP to Maggie at 888.222.1447 or Maggie@nacmheartland.com Bessenbacher no later Thursday, Nov. 5.

OCS Announces Compliance Update

Many NACM Heartland members use One Credit Source (OCS) to access commercial credit records, as well as other public documents. We have been notified by OCS that the credit bureaus and a number of public records resources are requiring updates to the Non-Disclosure & Subscriber Service Agreement for all businesses that access credit reports and/or public records. OCS is contacting current clients for information, but if you need the documents, please contact Maggie at Maggie@nacmheartland.com.

Ty Knox Running for NACM National Board of Directors

Ty Knox, a current NACM Heartland board member, is seeking a position on the national board of directors. All current NACM Heartland members are eligible to vote in the election that runs from Oct. 13–23. Ballots were sent to you by email and are available on our website. Below is Ty's current bio information.

Ty Knox leads EFCO Corp's risk management team, providing the organization with the identification, assessment, and recommendations for managing the risks that endanger the assets and earning capacity of the business. Known for its innovative and inventive engineered solutions for concrete support and forming construction, EFCO is a leasing company which supplies steel concrete forms to contractors. Ty leads a "Matrix Support" department with nine department members located at the Des Moines corporate headquarters and local collectors located in their district offices.

As the Director of Credit & Risk, Ty manages the contracting, invoicing, credit and collections departments. He recently enhanced Matrix Support for EFCO's International operations by hiring two Regional support staff members--one located in Manila to support EFCO's Europe and Asia Regions and the other in Santiago to support EFCO's Latin America Regions. At fiscal year end, Ty's departments met all five of EFCO's corporate risk management objectives in North America and 75% of its corporate risk management objectives for international business. He recently created a new process for identifying the root causes of customer account credits and implemented corrective action to mitigate future credits.

With more than 15 years of experience in credit and risk management and applying a strong expertise in data-driven modeling, Ty leads his team by example and drives results. Under his direction, EFCO has exceeded its annual objective of less than 2% write-offs and has increased the condition of aged receivables from less than 60% current to over 80% current. He has worked to develop risk management processes and procedures, with his team taking on the responsibility of ensuring process discipline is adhered to worldwide.

Prior to joining EFCO in 2003, Ty was the Director of Credit for Ruan Leasing Co., a privately held transportation company providing dedicated fleet and logistics management, where he led a team of credit analysts and collectors. In his four year tenure, Ty automated the credit screening process and developed a workload process to help the collectors manage their workload more efficiently. He managed a $30 million A/R portfolio and drove DSO down by 15 days. Prior to this, Ty held various positions in credit and collections for First National Bank, Dun & Bradstreet, and Battery Patrol.

NACM has been a constant throughout Ty's career. He joined the NACM Heartland Affiliate Board of Directors in 2003 and served as its Chairman from 2009 to 2011. He continues to serve the board in various capacities.

Ty believes that "the greatest challenges facing our Affiliate Network today is member retention." He went on to say that we must find "ways to demonstrate the value of NACM to existing members. Affiliates must find new ways to bring value to the NACM membership." Ty said, "as someone who's benefited so much from NACM, I am passionate about giving back to the organization. I want to find new ways of demonstrating to other credit professionals how much NACM can help them achieve their professional goals through the association's networking and educational opportunities. There are many untapped opportunities for the organization through the use of technology. The next generation of credit professionals will rely much more on technology and we need to be sure NACM is there to support them."

He is active in coaching youth sports for his children and is a leader in the Boy Scouts of America. He recently completed the prestigious Wood Badge training course, a world-class leadership development program intended for all Scout leaders who have complete the basic training for their position.

Ty Knox holds a Master of Business Leadership degree, with a Bachelor of Arts degree in business.