

15th January 2016

Dear ParentPay Customer

**** Change Notice – Transaction Fees ****
**** Effective from 16th February 2016 ****

Further to our communication during the Autumn Term 2015, Transaction Fees charged by ParentPay Limited, as part of the ParentPay Collection Service, will be changing from 16th February 2016.

The changes detailed in the table below will take affect for all transactions processed through the ParentPay Collection Service, with a processed date of 16th February 2016 onwards, from the start of the settlement period running from that date.

Transaction Fee Changes from 16th February 2016

Transaction Type	Current Transaction Fee*	New Payment Service Fee*	Notes
Credit Cards <i>Visa, MasterCard and American Express</i>	1.55% + 10p	1.29%	No fixed amount fee No minimum fee No minimum payment amount
Debit Cards <i>Visa Debit, Delta, MasterCard Debit, Maestro and Solo</i>	32p	1.29%	No fixed amount fee No minimum fee No minimum payment amount
PayPoint <i>Via PayPoint Cards or Barcoded Letter</i>	1.15% + 26.5p	1.29%	No fixed amount No minimum fee Minimum payment amount of £1**

The fee will now be referred to as the Payment Service Fee and incorporates all Card Transaction Fees (merchant account, payment gateway, acquiring bank) and PayPoint Transaction Fees previously charged as part of the ParentPay Collection Service, combined into a single flat rate fee.

There is **no minimum fee per transaction, no fixed pence charge and no minimum payment value****.

We are committed to ensuring best value and will review the Payment Service Fee every 6 months from launch. The fee will be reduced for all customers as our costs come down, allowing us to help schools achieve further savings.

The first review will take place in August 2016, for introduction from September 2016.

** The fees quoted above are NET of VAT, which will be charged at the applicable rate, currently 20%. VAT invoices will continue to be produced alongside the Settlement Statements.*

*** PayPoint has a technical restriction of £1 per transaction*

Why fees are changing

Changes in the European payments industry, following legislative intervention, means the way some cards are charged to merchants by banks and card schemes has been changed. Visa Debit cards, over 98% of all debit cards taken on ParentPay, are now charged as a percentage rate instead of a fixed pence per transaction.

We are committed to ensuring we continue to provide competitive and cost effective services to our customers.

These changes also underpin the introduction of a range of major enhancements to our payment service, which will follow in the weeks after this change.

Payment Service Enhancements - Responding to our customers

We are always striving to improve the features offered in ParentPay, to make it easier to use, and provide parents and schools the enhancements they have been requesting. We conduct extensive research to inform the changes.

Parents would like more choice in the way they load funds. They've asked for the option to pay from their bank account by standing order or faster payment. Parents have asked us to make it easier for them to budget, giving greater freedom to move funds between different items, children and schools.

Parents want the service to be simpler to use and parents with children in more than one school would prefer to pay for everything in one go, rather than having to occasionally make separate payments when some schools limit the acceptance of certain payment types.

Schools in turn have asked us to increase the frequency of funds settlement, to simplify how payments are charged, and provide option for schools to levy a fee to parents on higher value items.

In a series of releases following this fee change, ParentPay are introducing a series of major enhancements to our payment service, alongside significant improvements to the parent web application.

Parents will be able to maintain a single balance on ParentPay, to be spent on items at any of their children's schools, at any time. Account loading options will include faster payment and standing order.

Schools will receive all income processed by us through the ParentPay Collection Service, for any items paid for by parents from their balance, regardless of how funds were loaded by parents.

How this benefits schools

Schools will be able to collect low-value payments with no minimum fee or fixed pence charge. A payment of £5, for example, will cost as little as 6.5p – with no other transaction charges to pay.

We will be introducing a weekly settlement cycle, so that funds reach schools sooner, but retaining the benefit of schools not having to reconcile each individual parent payment. Simpler income statements and reports will make income reconciliation easier for schools, saving schools having to reconcile card and PayPoint income separately.

During the 2016 Summer Term, we also plan to introduce the option for schools to pass on charges to parents for larger value payments, on items of £250 or over, helpful when collecting school fees or high value overseas trips.