

# THE WALL STREET JOURNAL.

## Visa, Mastercard Prepare to Raise Credit-Card Fees

Merchants could end up paying an extra \$502 million annually in fees, according to a consulting firm

*By Angel Au-Yeung*  
August 30, 2023

Visa and Mastercard are planning to increase fees that many merchants pay when they accept customers' credit cards.

The fee increases are scheduled to start in October and April, according to people familiar with the matter and documents viewed by The Wall Street Journal. Many of the increases are for online purchases.

The changes could result in merchants paying an additional \$502 million annually in fees, according to CMSPI, a consulting company that works with merchants.

Increases in network fees will make up a little more than half of that revenue, CMSPI estimated. The rest will come from increases in interchange fees, also called swipe fees. Merchants pay these fees when shoppers pay via credit card.

The economy of interchange fees is largely hidden from shoppers. But the fees are a major source of contention between the card networks and merchants large and small, from giant online retailers to corner coffee shops.

U.S. merchants paid an estimated \$93 billion in Visa and Mastercard credit-card fees last year, according to the Nilson Report, an industry publication. That was up from about \$33 billion in 2012.

Merchants pass along at least some of that cost to consumers in the form of higher prices. More small businesses have started offering discounts to shoppers who pay by debit card, cash or check.

Card networks such as Visa and Mastercard set the fees that the merchants pay. Network fees get pocketed by Visa and Mastercard. Interchange fees go to the bank that issued the card.

Visa, Mastercard and the big banks have said the fees help cover costs related to fraud prevention and innovation. The banks often use the money they get from interchange fees to fund popular credit-card rewards programs.

Doug Kantor, general counsel of the National Association of Convenience Stores, said that many businesses are already being hurt by inflation and high interest rates, or still recovering from the pandemic.

“It’s just a bad combination and bad timing for any of these fee increases to happen,” Kantor said.

Card fees and their effect on businesses have caught the attention of some in Congress. Lawmakers recently reintroduced legislation in both the House and Senate that would give merchants the ability to process many Visa and Mastercard credit cards over alternate networks. A similar rule already exists for debit cards.

The bill could potentially lower the fees that merchants have to pay. The House and Senate bills have each been referred to a committee.