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network and card issuer

Credit card networks and issuers play an important role in how your credit card works, where it's accepted and the benefits you can receive. Here's how they differ and work together.

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Credit cards come with unique colors and designs that set them apart from one another. But they all have common brand logos on the front or back of the card, such as Mastercard's interlocking circles. These logos represent the card network that backs your card and the financial institution that issues your credit card, known as the card issuer.

Networks and issuers play very different but essential roles in [how your credit card works](#). Card networks and issuers work together to process transactions from bank to bank, plus they facilitate where you can use your card. There are even some companies that act as both a network and an issuer, which allows them to control more of the transaction process.

Below, [CNBC Select](#) reviews the differences between a credit card network and card issuer so you can understand where your card is accepted and the benefits you can receive

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Credit card network vs. card issuer

- What are credit card networks?
- What are credit card issuers?
- How credit card networks and issuers work together
- Bottom line

What are credit card networks?

The role of a card network is to facilitate transactions between merchants and card issuers. To do this, card networks create virtual payment infrastructures and charge merchants interchange fees for processing consumers' credit or debit card transactions.

The four major credit card networks are Mastercard, Visa, American Express and Discover. Out of the four networks, two are also card issuers – Amex and Discover – which we explain more in the next section.

In addition to aiding transactions, card networks determine where credit cards are accepted. Not every merchant accepts all networks, and you may notice different network logos at checkout or some merchants stating they don't take certain cards.

However, the major card networks have reached similar acceptance rates: Visa and Mastercard are accepted at 10.7 million U.S. locations while Amex and Discover are accepted at 10.6 million U.S. locations at the end of 2019, according to the [Nilson Report](#).

Last, card networks have partnerships across numerous industries relating to travel, transportation, dining and entertainment. Having a card within a certain network may entitle you to travel perks, purchase protections and more depending on your terms and benefits.

What are credit card issuers?

Credit card issuers are financial institutions that provide cards and credit limits to consumers. Issuers manage numerous features of credit cards, from the application and approval process to distributing cards, deciding terms and benefits (such as annual fees and rewards), collecting cardholder payments and more.

Card issuers also determine how much credit to extend to you and have the final decision on whether a transaction you make is approved or denied (more on how transactions are processed below).

Here are some major credit card issuers:

- American Express
- Bank of America
- Capital One
- Chase
- Citi



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How credit card networks and issuers work together

Card networks and issuers work together to process transactions that consumers make at merchants.

For instance, let's say you have the [Costco Anywhere Visa® Card by Citi](#) and use it to purchase food at Costco. The four players involved in the entire payment process include you (the consumer), Costco (the merchant), Visa (the network) and Citi (the issuer).

The action of paying with your credit card initiates a sequence of events. Here's the process:

1. You swipe, insert or tap your card at checkout.
2. Costco sends the transaction to Visa.
3. Visa sends the transaction to Citi.
4. Citi will review the transaction and approve or deny it, then send the decision back to Visa.
5. Visa passes it along to Costco and your transaction will be approved or denied.

This digital communication happens more or less instantaneously with every swipe of your card or scan of your chip.

Bottom line

Once you know the difference between a credit card issuer and network, you'll have a better understanding of the benefits you can receive from your card and where it's accepted. Knowing how networks and issuers work can also help inform the next credit card you open.

Don't miss:

- [How do 0% APR credit cards work? 8 things to know before applying](#)
- [Which credit cards have the best interest rates?](#)
- [Here's how having multiple credit cards affects your credit score](#)

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