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BUSINESS

Kroger Unit Won't Take Visa Credit Cards in California Stores

Foods Co Supermarkets said it would stop accepting Visa credit cards on Aug. 14 because of fees, but will continue to accept Visa debit cards



Kroger and Visa have been in ongoing discussions over swipe fees. The Foods Co unit said it saw the decision to stop accepting Visa credit cards as a last resort. PHOTO: MARTIN KEENE/PA WIRE/ZUMA PRESS

By *AnnaMaria Andriotis*

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A unit of supermarket chain Kroger Co. said Monday it will stop accepting Visa Inc. credit cards at 21 stores and five gas stations in California due to the card giant's fees.

Foods Co Supermarkets said it would stop accepting Visa credit cards on Aug. 14. It will continue to accept Visa debit cards.

Visa spokeswoman Amanda Pires said the company is disappointed in the decision, which she said limits consumer choice. "Our goal is to protect the interests of our cardholders to ensure they can use their Visa credit cards wherever they shop," she said. "Visa remains committed to working with Kroger to reach a reasonable solution."

So-called swipe fees have been a long-running point of tension between merchants and card companies. Interchange fees are set by the card networks, like Visa, and merchants pay them to banks that issue the credit cards when consumers use those cards to shop.

The supermarket chain and Visa have been in ongoing discussions over the fees. Foods Co said it saw the decision to stop accepting Visa credit cards as a last resort.

Merchants in general have been paying significantly more in interchange fees in recent years. Merchants paid \$43.4 billion in Visa and Mastercard credit card interchange fees in 2017, up from \$25.9 billion in 2012, according to trade publication the Nilson Report.

The growing popularity of cards with generous rewards programs, which

carry higher swipe fees, are also a driver of the increase. Kroger Chief Information Officer Chris Hjelm said the Foods Co chain, which generally caters to shoppers on a budget, has seen an increase in premium card usage.

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