

Nilson Report: U.S. merchants' card processing fees continue to rise

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U.S. Merchant Card Fees 2014

Type	Fees (bil.)	Purchase Vol. (bil.)	Weighted Average
V/MC credit	\$39.13	\$1,819.80	2.15%
American Express	\$16.97	\$684.38	2.48%
V/MC debit	\$13.57	\$1,808.98	0.75%
PIN debit	\$3.15	\$469.86	0.67%
Private label	\$2.87	\$254.36	1.13%
Discover	\$2.41	\$127.28	1.89%
Total	\$78.09	\$5,164.66	1.51%

Carpinteria, Calif. -- With more Americans using credit, debit and prepaid goods to pay for goods and services, the amount merchants pay to process those cards continues to rise.

General purpose and private label credit, debit, and prepaid cards generated \$5.165 trillion in payments for goods and services in 2014. Processing fees, including interchange paid by U.S. merchants to handle that business, were \$78.09 billion, up from \$72.44 billion in 2013 when cards generated \$4.768 trillion, according to the annual report on U.S. merchant processing fees published by The Nilson Report, a newsletter covering the card and mobile payment industries.

The weighted average of fees as a percentage of purchase volume from Visa and MasterCard credit, debit, and prepaid cards, American Express credit and prepaid cards, Discover credit, debit, and prepaid cards, EFT system PIN-based debit cards, and private label credit and debit cards was 1.51% in 2014.

Debit cards settled on the Visa, MasterCard, and PIN-based EFT system networks generated \$2.279 trillion in purchase volume in 2014, and accounted for 44.1% of all spending on goods and services. This was down from 44.7% one year before.

Debit cards generated \$16.72 billion or 21.4% of the total processing fees paid by merchants in 2014. Debit cards accounted for 21.9% of all card processing fees paid by U.S. merchants in 2013.
