

VISA

Report: Visa Eyes Biggest Interchange Fee Revamp In A Decade

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Visa is proposing to change its interchange rates — commonly known as swipe fees — in ways that would vary according to transactions and merchant classification.

The changes, **reported** by Bloomberg, outlined in a document sent by the payments giant to banks, would be the most sweeping structural change in a decade.

The rates refer to the rates that merchants based in the U.S. pay to accept **Visa** cards.

As reported, the swipe fees, which are charged each time a customer uses a card to pay, would go up or down depending on the setting or merchant category. The report noted that higher rates would be tied to eCommerce transactions, while rates would go down for companies that operate in service categories such as education.

The revamped structure is an attempt to spur more payments via card, the news outlet reported.

“The U.S. credit interchange structure has been largely unchanged for the past 10 years,” Visa said in the document proposing the changes and as quoted by Bloomberg. “Based on the most recent review in the U.S., Visa is adjusting its default U.S. interchange rate structure to optimize acceptance and usage and reflect the current value of Visa products.”

The new rates will take effect in April and October, and the two-phased rollout, as explained by an unnamed source quoted by the news outlet, is timed to give payment processors the ability to update their systems and help merchants prepare for the new rates.

Per the Nilson report cited, retailers spent roughly \$108 billion to accept electronic payments in 2018.

Drilling down a bit into the rates themselves — known as the published rates — the changes would boost the interchange rates on card-not-present transactions (also known as CNP), such as those conducted online. By way of illustration, reported Bloomberg, the rate for a traditional Visa card used for a \$100 CNP transaction would increase to \$1.99 from \$1.90; for premium cards the fee would go up by a dime, to \$2.60 from \$2.50.

But in an example of a transaction that would see rates decrease: On a premium transaction of \$50 for a merchant in the large supermarket category, for instance, the interchange rate would slip to 77 cents from \$1.15.

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