

Visa Swipe Fees Going Up for Ecommerce, Down in Grocery Stores



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Financial services corporation Visa plans significant changes to rates merchants pay each time a consumer makes a purchase with its cards, [Bloomberg reported](#), both online and in store, citing a document Visa sent to banks.

According to Bloomberg, brands can expect to pay more for ecommerce transactions, but fees will decline in for segments such as real estate and education.

Bloomberg said the swipe fee for online or phone purchases with a traditional Visa card would rise from \$1.90 to \$1.99 on a \$100 purchase, and from \$2.50 to \$2.60 for the same purchase with a premium Visa card. By contrast, the swipe fee for a \$50 premium card purchase at a supermarket will decrease from \$1.15 to 77 cents.

While the fees merchants pay for each transaction are small, retailers pay a total of more than \$100 billion total each year in order to accept electronic payments, Bloomberg noted.

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“The U.S. credit interchange structure has been largely unchanged for the past 10 years,” Visa said in the document to banks, according to 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 changes are expected to roll out in two phases, in April and October.

Visa, Mastercard, and American Express have long been locked in a battle over presenting attractive swipe fees in order to hold or gain market share for credit card purchases.

In a [November 2019 column](#), The Motley Fool examined the decision by American Express, positioned as status symbol card, to lower its swipe fees. The report said Visa, Mastercard and Discover swipe fees range from 1.5% to 2.5%, with American Express fees in the 2.5% to 3.5% range.

Noting that Visa traditionally has had the lowest swipe fees, The Motley Fool cited The Nilson Report in saying Visa controlled nearly half of the U.S. market in 2016, with Mastercard controlling 32.3%, American Express 11.8%, and Discover just 7.2%.

Bloomberg called Visa’s plans the biggest swipe fee changes in a decade to a payment system that facilitates more than \$6.5 trillion in card payments each year in the U.S. for Visa and Mastercard alone.

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