

BUSINESS

Wal-Mart Says It Will Stop Accepting Visa Cards in Canadian Stores

The retailer says it couldn't reach an accord on terms with the credit-card processor



Wal-Mart Stores said it would stop accepting Visa cards at its hundreds of store in Canada, beginning with three locations in Ontario later this month. PHOTO: MICHAEL REYNOLDS/EUROPEAN PRESSPHOTO AGENCY

By **SARAH NASSAUER, RITA TRICHUR and ROBIN SIDEL**

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Wal-Mart Stores Inc. said it would stop accepting Visa Inc. cards at its stores across Canada, the latest salvo in an escalating battle between the two companies.

The retailer, which has 405 stores in Canada, said it was unable to agree on terms with the credit-card processor. It will stop accepting Visa cards starting with three stores in Thunder Bay, Ontario, on July 18.

“After Thunder Bay, it’ll be a phased approach across the country. It’s limited to Canada,” a Wal-Mart spokeswoman said.

“We’re constantly working to reduce our operating costs, including credit card fees,” the spokeswoman added. “Unfortunately, Visa and Wal-Mart have been unable to agree on an appropriate fee for Visa transactions.”

Visa said it “regrets” Wal-Mart’s decision, saying it will have a “negative impact” on shoppers in Canada.

“We are disappointed that Wal-Mart chose to put their own financial interests ahead of their own consumers’ choice,” the company said. Visa added that Wal-Mart made the decision “despite Visa offering one of the lowest rates available to any merchant in the country.”

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The move by Wal-Mart is likely to cause

confusion at the check-out line when customers who want to pay with Visa cards are told the plastic is no longer accepted. Wal-Mart will continue to accept MasterCard, American Express, Discover and other cards, said the Wal-Mart spokeswoman.

Visa is the largest payments network in Canada, with 50.6 million cards in circulation and \$232.59 billion worth of transactions rung up on its plastic last year, according to the Nilson Report, an industry newsletter.

Wal-Mart has nearly 12,000 stores globally.

The situation in Canada is the latest tussle in Visa and Wal-Mart's difficult relationship. The payments network and the retailing behemoth have battled for years over fees and the right to steer customers to certain types of payments.

Just last month, Wal-Mart sued Visa in the U.S. over the right to choose how customers verify debit-card purchases at the register. The retail giant wants customers to verify their purchases with a personal identification number when they use a chip-enabled debit card.

In the lawsuit, filed in New York state court, Wal-Mart said Visa has prohibited it from requiring PINs only and forced the retailer to allow customers to use a signature in those transactions.

Visa has long required merchants to give customers the choice of signing or entering a PIN, and the company has said some shoppers want that flexibility.

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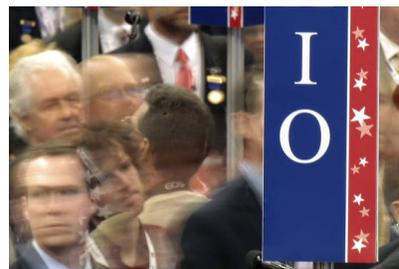
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