



Since American Express has high swiping fees, a lot of merchants do not accept its cards. (Getty Images)

"Sorry, we don't accept that card," can be frustrating to hear. And American Express cardholders tend to run into it more often than Visa or Mastercard cardholders. Why?

It has a lot to do with the fees credit card companies charge merchants when you make a purchase. Swipe fees aren't the same across the board. They can vary depending on the type of card you're using. Some merchants choose to not accept cards that charge higher swipe fees than others, like American Express.

While the notion that American Express swipe fees are significantly higher than other credit card companies' swipe fees may be a bit of a myth, the fact is American Express has a lower acceptance rate than other card networks. Here's what you need to know about why American Express isn't accepted everywhere and what you can do about it.

[**Read:** [Best Rewards Credit Cards](https://creditcards.usnews.com/rewards).  
(<https://creditcards.usnews.com/rewards>)]

## The Cost of Swiping a Credit Card

One way credit card issuers make money is through fees – but not just fees charged to the consumer, like annual fees. Every time you make a purchase with your credit card, the merchant has to pay a fee to the credit card issuer on that transaction. Usually, these fees are a small percentage of the transaction amount. Some merchants opt to accept payment only from the card companies that charge lower swipe fees than others.

Merchants may choose not to work with American Express since its fees are higher. According to data from [The Nilson Report released in 2017](#)

([https://nilsonreport.com/upload/pdf/U.S.\\_Merchants\\_Paid\\_88.39\\_Billion\\_in\\_Card\\_Fees\\_in\\_2016\\_Th](https://nilsonreport.com/upload/pdf/U.S._Merchants_Paid_88.39_Billion_in_Card_Fees_in_2016_Th)

[Balance Transfers \(/balance-transfer\)](#)

[No Balance Transfer Fees \(/no-balance-transfer-fees\)](#)

[No Foreign Transaction Fee \(/no-foreign-transaction-fee\)](#)

[High Credit Limit \(/high-credit-limits\)](#)

[Bad Credit \(/bad-credit\)](#)

[Fair Credit \(/fair-credit\)](#)

[Building Credit \(/starter-cards-for-building-credit\)](#)

[Low Interest \(/low-interest\)](#)

[No Annual Fee \(/no-annual-fee\)](#)

[Secured \(/secured\)](#)

[Unsecured \(/unsecured\)](#)

[Travel Insurance \(/best-travel-insurance\)](#)

[Military \(/military\)](#)

## Featured Credit Cards



(<https://oc.brcclx.c>

Visa and Mastercard merchant card fees had a weighted average of 2.12%, and American Express had a 2.36% weighted average.

"This might not seem like a lot," says Michael Outar, owner of personal finance site Savebly.com, "but these fees do add up, and some retailers can't afford to accept American Express credit cards because it is eating into their profits."

## Why Does American Express Charge a Higher Merchant Fee?

It might seem strange that American Express would charge higher swipe fees at the expense of losing some merchants. "The reason that American Express charges a higher average merchant fee than Mastercard and Visa is due to the fact that they operate on a different business model," Outar says.

Some major American Express cards are charge cards, which means cardholders pay their balance in full each month and aren't charged interest. Other issuers primarily offer credit cards, which generate revenue from interest charges. With less interest income, American Express relies more on revenue from merchant swipe fees.

[Read: [Best Cash Back Credit Cards](https://creditcards.usnews.com/cash-back).  
(<https://creditcards.usnews.com/cash-back>)]

## Is It Worth Using American Express?

As an American Express customer, you might wonder if it's worth keeping your card when there's a possibility you won't be able to use it everywhere. Even though it can be frustrating to have your form of payment denied at some businesses, you don't have to necessarily give it up.

"[American Express cards](https://creditcards.usnews.com/american-express)  
(<https://creditcards.usnews.com/american-express>) remain popular among consumers because they offer great perks,"



(<https://oc.brccclx.c>



(<https://oc.brccclx.c>

ADVERTISEMENT

---

Outar says, like rewards and cardholder benefits.

And according to Melanie Backs, vice president of public affairs at American Express, merchant coverage in the U.S. has increased dramatically over the last few years for the card issuer. She says more than 3 million locations in the U.S. started accepting American Express cards in 2017 and 2018.

"We have said publicly that we expect to be a virtual parity with Visa and Mastercard's merchant acceptance in the U.S. by the end of this year," Backs says.

There are a number of reasons for this, Backs says. One is improvements to the fee structure for merchants. "We've made changes like introducing OptBlue, a program for small merchants that allows them to accept American Express cards just like they do other card brands through a third party."

Backs adds that when it comes to U.S. swipe fees, the notion that accepting American Express is always much more expensive than the other networks is a misperception. "There is little cost difference on average between accepting American Express cards and those on the Visa/Mastercard networks," Backs says. According to The Nilson Report, the average cost difference is less than a quarter of a percentage point.

## **Where American Express Is – and Isn't – Accepted**

American Express cardholders tend to be more affluent, so merchants may be willing to pay the slightly higher swipe fees to capture purchases from wealthy customers. But that's not always the case. Most major retailers are inclined to pay the higher swipe fees charged by American Express. Usually, you will only run into trouble with smaller, independent businesses and international merchants. Costco is one exception; it only accepts Visa.

[Read: [Best Travel Rewards Credit Cards](https://creditcards.usnews.com/travel).

(<https://creditcards.usnews.com/travel>)]

## What You Can Do

Though American Express seems to be making strides in encouraging more merchants to accept its cards, there's always a chance you'll run into one that doesn't. To avoid the hassle of dealing with this situation, there are a few things you can do.

**Ask ahead.** Before you head out for some shopping or when planning a big-ticket purchase, it's a good idea to contact the business ahead of time and verify that it does, in fact, accept American Express.

Knowing in advance that you can use American Express with a retailer will uncomplicate your shopping experience, says Stephanie Hammell, a financial advisor with LPL Financial of California. "Focus on creating habits ahead of time. When you do your grocery shopping, know ahead of time which stores will accept American Express and it will make your day run smoother. It will become habit to know when to pull it out and when to leave it in your pocket."

**Carry a backup card.** In addition to your American Express card, it can be a good idea to carry another credit card from a different issuer. Mastercard and Visa have the highest acceptance rate, but Discover isn't far behind.

If you have a card that's exclusively used as an American Express backup, Outar recommends avoiding an annual fee. Paying an annual fee for your American Express card might be worth it, but there's no reason to pay for a card you might not use often enough to offset the fee with rewards or benefits.

**Use a different form of payment.** Though it's nice to earn cash back or travel miles on money you have to spend anyway, sometimes a credit card isn't the best payment option. If

necessary, consider using a debit card, cash, check or another form of payment when American Express isn't accepted.

Tags: [credit cards](https://www.usnews.com/topics/subjects/credit-cards) (<https://www.usnews.com/topics/subjects/credit-cards>), [American Express](https://www.usnews.com/topics/organizations/american-express) (<https://www.usnews.com/topics/organizations/american-express>)

---

### Casey Bond

([https://www.usnews.com/topics/author/casey\\_bond](https://www.usnews.com/topics/author/casey_bond)) is a seasoned personal finance writer and editor. Her work has appeared in a number of major national publications including U.S. News & World Rep... [full bio »](#)

## Featured Credit Card



### Chase Sapphire Preferred® Card

([https://oc.brcclx.com/t/?lid=26638413&tid=388|desktop|article|card\\_image](https://oc.brcclx.com/t/?lid=26638413&tid=388|desktop|article|card_image)) (<https://creditcards.usnews.com/chase/chase-sapphire-preferred-card>)

### sapphire-preferred-card

Apply Now

([https://oc.brcclx.com/t/?lid=26638413&tid=388|desktop|article|single\\_card](https://oc.brcclx.com/t/?lid=26638413&tid=388|desktop|article|single_card))

**Best travel rewards card.**

Chase Sapphire Preferred Card

holders earn double points on dining and travel and purchases and one point per dollar on all other purchases. Points can be transferred to leading airline and hotel loyalty programs at a 1:1 rate.

ADVERTISEMENT



[\\_ \(https://www.usnews.com\)](https://www.usnews.com)

[About U.S. News \(https://www.usnews.com/info/features/about-usnews\)](https://www.usnews.com/info/features/about-usnews)

[Newsletters \(http://emailprefs.usnews.com/emailprefs/newsletters-index\)](http://emailprefs.usnews.com/emailprefs/newsletters-index)

[Contact \(https://www.usnews.com/info/features/contact\)](https://www.usnews.com/info/features/contact)

[Press \(https://www.usnews.com/info/blogs/press-room\)](https://www.usnews.com/info/blogs/press-room)

[Advertise \(http://mediakit.usnews.com/index.php\)](http://mediakit.usnews.com/index.php)

[Jobs \(https://www.usnews.com/info/features/employment\)](https://www.usnews.com/info/features/employment)

Copyright 2019 © U.S. News & World Report L.P. [Terms and Conditions \(https://www.usnews.com/info/features/terms\)](https://www.usnews.com/info/features/terms)

[Privacy Policy \(https://www.usnews.com/features/info/privacy\)](https://www.usnews.com/features/info/privacy)