

Myths vs. reality: Debit interchange

Key Point

Visa compares favorably with competing network economics, and brings a stronger holistic value proposition to issuers and partners



The Value of Visa

Visa brings more than economics to any client, offering a world class brand, a powerful and evolving platform, and a deep commitment to partnerships

- 1 Brand
- 2 Platform
- 3 Partnership

Economics¹

Visa offers a competitive interchange package, with a more favorable issuer structure and without imposing the same fees as Mastercard

Published Visa Interchange Rates	Dual Message (Visa)	1.43%
	Single Message (PAVD)	0.96%
Published Mastercard Interchange Rates	Dual Message (Mastercard)	1.47%
	Single Message (Maestro)	0.75%

Mastercard requirements negate the published interchange edge

Rule 1: Mastercard requires Maestro on all cards. Maestro has lower published interchange rates compared to Mastercard, while Visa, Interlink, and PAVD published interchange rates are all the same and differences in effective rate are created by transaction mix. Mastercard's rule means that issuers can expect to earn dual-message interchange rates less often on Mastercard than they would with Visa, resulting in less interchange revenue

Rule 2: Mastercard charges a 3bps fee for any transaction routed to an unaffiliated network

Because of these rules, Visa may offer a more compelling overall economic package, in addition to a world class brand, a constantly evolving platform, and a deep partnership mentality

1) Federal Reserve, Regulation II (Debit Card Interchange Fees and Routing, July 19th 2019)