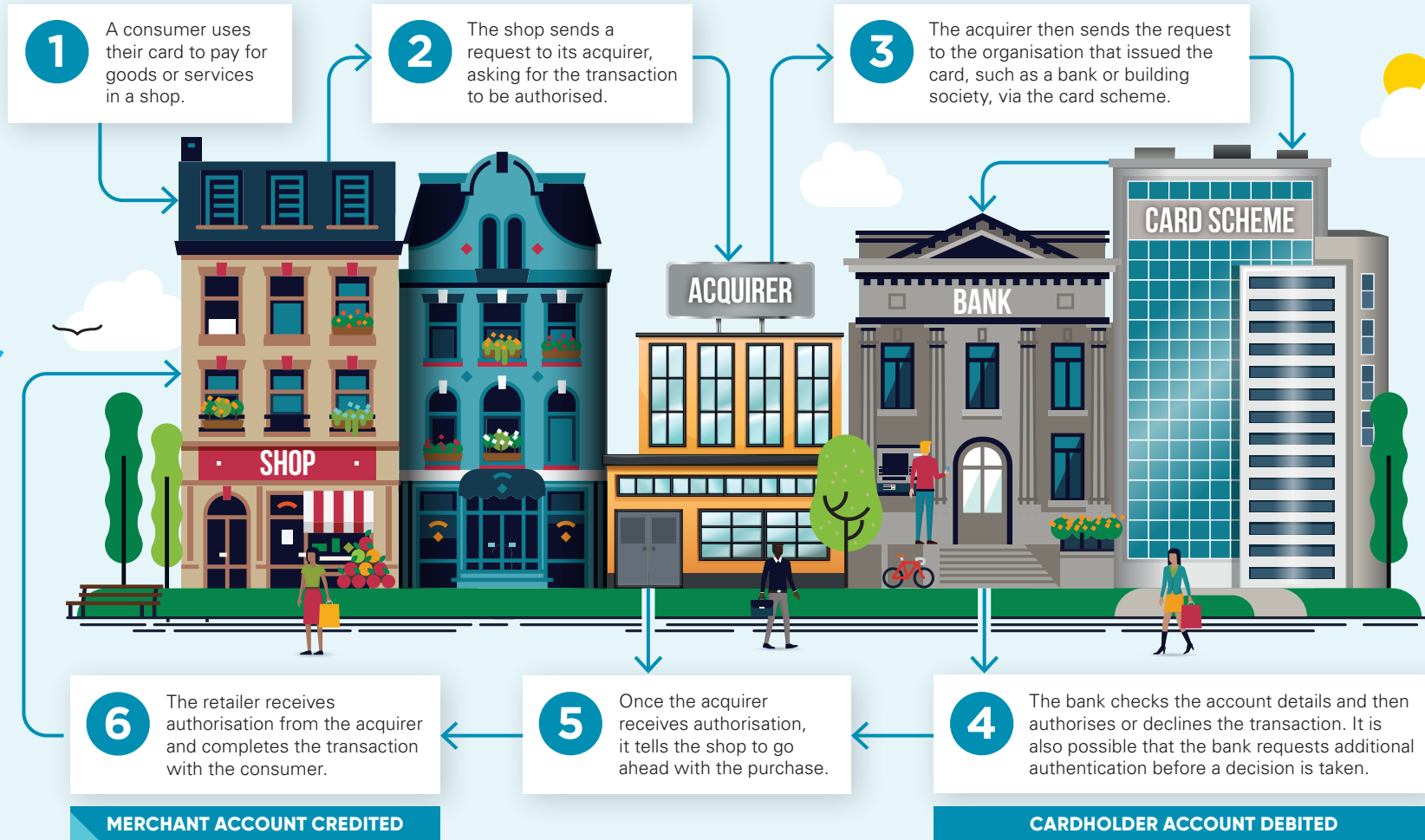


What happens when a consumer uses a debit or credit card?*



The acquirer settles with the retailer same day or later depending on the contract. The retailer pays a Merchant Service Charge to the acquirer for the services provided.

What does the Merchant Service Charge include?

The Merchant Service Charge is made up of three main parts: interchange fees (now capped), scheme fees (paid to a card scheme), and a charge to cover the acquirer's other costs and margin.

Fact

The Interchange Fee Regulation caps fees on UK consumer credit and debit card transactions. Where the caps apply, they currently limit interchange fees to 0.2% of the value of a transaction for consumer debit cards (including prepaid cards) and 0.3% for consumer credit cards. Before the caps were introduced, the average interchange fee for a credit card transaction was around 0.7%

* This infographic provides a simplified picture of what happens during a consumer debit or credit card transaction (except for American Express cards) where a transaction is authorised.