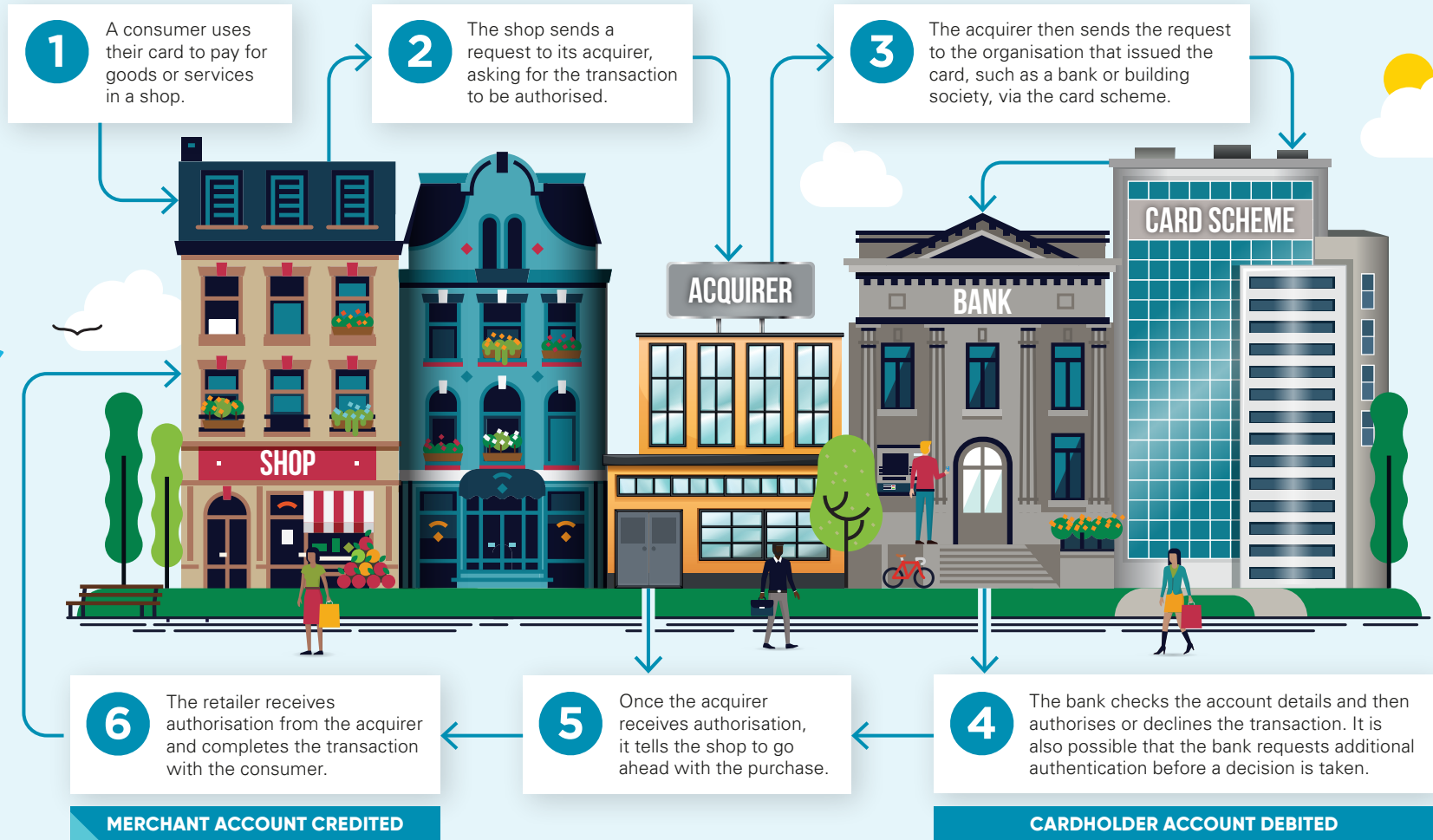


# What happens when a consumer uses a debit or credit card?\*



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.