



Visa Announces Details of U.S. Acquirer Pricing Restructuring, Including Rates for New Fixed Acquirer Network Fee and Reductions to Variable Fees on All Products

U.S. | Acquirers, Processors

Debit regulation in the U.S. has altered the competitive landscape. To compete in the new environment, Visa has revised its business strategy. As part of this revised strategy, Visa's intention is to change its fee structure in a way that could lower acceptance costs to the vast majority of U.S. merchants, while allowing for continued investments in its secure, reliable network. These changes, announced below, are designed to benefit merchants, financial institutions and Visa and are fully incremental to the \$8 billion merchants received from debit price controls.

The new structure was originally announced in the 28 July 2011 *Visa Business News* article "[Visa Announces Acquirer Pricing Restructuring: Introduction of a Fixed Network Participation Fee With Reductions to Variable Fees and Changes to the U.S. Acquirer Quarterly Operating Certificate Reporting](#)." Under Visa's new pricing model for acquirers, which includes lower variable, per transaction pricing, merchants should have a new incentive to entrust transactions to the Visa network: The more transactions a merchant routes over the network, the lower the merchant's price per transaction. Visa is committed to ensuring that the new pricing is practical and fair and has taken particular care with the smallest retailers and charitable organizations.

Effective 1 April 2012, Visa will implement reductions to variable fees on all products. The Risk Identification Services Fee (billing line 1Q6503050), currently assessed at \$0.001 per settled transaction on Visa-branded credit and Visa-branded debit, will be eliminated. The Network Acquirer Processing Fee (currently, billing line 1D2610510 for BASE I and 1J4269600 for SMS) on Visa-branded debit will be reduced from \$0.0195 per authorization to \$0.0155 per authorization. It will remain \$0.0195 per authorization on credit transactions. To reflect this change, these fees will now be referred to as the Network Acquirer Processing Fee—Variable Debit and the Network Acquirer Processing Fee—Variable Credit, respectively. See below table for new billing lines.

As an additional benefit to U.S. acquirers, Visa will lower its per transaction, Interlink Acquirer Switch Fee and introduce an ad valorem fee component on U.S. Interlink transactions. The Interlink Acquirer Switch Fee is currently \$0.035 per Interlink transaction on purchase original and preauthorization completion transactions (currently, billing lines 1K4700200 and 1K4700400, respectively). As originally announced in the 27 October 2011 *Visa Business News* article "[Visa Announces Modified U.S. Interlink Acquirer Switch Fee Pricing](#)," the fee will now be \$0.0225 + 8 bps assessed on the amount of the transaction and capped at \$0.035 per transaction (for all transactions above \$15.62) **effective 1 April 2012**. See the table below for new billing lines.

The Fixed Acquirer Network Fee (FANF) is the new name for what was previously announced to be the fixed Network Participation Fee. Visa will assess this new fee to U.S. acquiring members on a merchant Taxpayer ID basis via the Visa Quarterly Operating Certificate. The rate assessed to each Taxpayer ID will be determined based on channel and MCC.

With the exception of Fast Food Restaurants, a merchant Taxpayer ID with physical locations will be assessed FANF on a per-location rate basis. These rates are outlined in the following tables:

| Table 1a | | |
|--|---------------------|--|
| High-Volume MCC ¹ Merchants (Customer Present) | | |
| Tier | Number of Locations | Price per Location per Month |
| 1 | 1 | \$2.90 |
| 2 | 2 | |
| 3 | 3 | |
| 4 | 4 | |
| 5 | 5 | \$4.00 |
| 6 | 6 - 10 | |
| 7 | 11 - 20 | \$5.00 |
| 8 | 21 - 50 | |
| 9 | 51 - 100 | \$8.00 |
| 10 | 101 - 150 | \$12.00 |
| 11 | 151 - 200 | \$18.00 |
| 12 | 201 - 250 | \$25.00 |
| 13 | 251 - 500 | \$35.00 |
| 14 | 501 - 1,000 | \$45.00 |
| 15 | 1,001 - 1,500 | \$55.00 |
| 16 | 1,501 - 2,000 | \$65.00 |
| 17 | 2,001 - 4,000 | \$75.00 |
| 18 | > 4,000 | \$85.00 (cap of 4,001 maximum billable locations) |

¹ As enumerated in the *Fixed Acquirer Network Fee Reporting Guide*.

| Table 1b | | |
|---|---------------------|---|
| All Other MCC Merchants (Customer Present) | | |
| Tier | Number of Locations | Price per Location per Month |
| 1 | 1 | \$2.00 |
| 2 | 2 | |
| 3 | 3 | |
| 4 | 4 | |
| 5 | 5 | \$2.90 |
| 6 | 6 - 10 | |
| 7 | 11 - 20 | \$4.00 |
| 8 | 21 - 50 | |
| 9 | 51 - 100 | \$6.00 |
| 10 | 101 - 150 | \$8.00 |
| 11 | 151 - 200 | \$10.00 |
| 12 | 201 - 250 | \$14.00 |
| 13 | 251 - 500 | \$24.00 |
| 14 | 501 - 1,000 | \$32.00 |
| 15 | 1,001 - 1,500 | \$40.00 |
| 16 | 1,501 - 2,000 | \$50.00 |
| 17 | 2,001 - 4,000 | \$60.00 |
| 18 | > 4,000 | \$65.00 (with cap of 4,001 maximum billable locations) |

Beginning with the Visa Operating Certificate due **16 April 2012**, acquirers will be required to submit the total number of locations across all merchant Taxpayer IDs reported in each tier. Details around this additional reporting requirement are included in the updated *Fixed Acquirer Network Fee Reporting Guide*.

A separate rate table will apply to all Customer Not Present volume which is defined in the *Fixed Acquirer Network Fee Reporting Guide* as originating from transactions with an ECI/MOTO indicator of 1-9. Merchant

aggregators and merchants primarily operating as Fast Food Restaurants will also be reported under this table. The rates for Table 2 will be assessed based on gross merchant sales volume originating from any Visa-branded card. These rates are outlined in the following table:

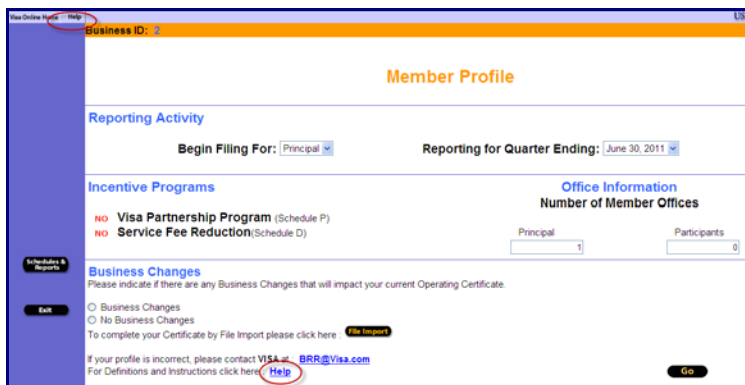
| Table 2 | | |
|---|------------------------------|---------------|
| Customer Not Present, Merchant Aggregators and Fast Food Restaurants Volume | | |
| Tier | Monthly Gross Sales Volume | Fee per Month |
| 1 | < \$50 | \$2.00 |
| 2 | \$50 - \$199 | \$2.90 |
| 3 | \$200 - \$999 | \$5.00 |
| 4 | \$1,000 - \$3,999 | \$7.00 |
| 5 | \$4,000 - \$7,999 | \$9.00 |
| 6 | \$8,000 - \$39,999 | \$15.00 |
| 7 | \$40,000 - \$199,999 | \$45.00 |
| 8 | \$200,000 - \$799,999 | \$120.00 |
| 9 | \$800,000 - \$1,999,999 | \$350.00 |
| 10 | \$2,000,000 - \$3,999,999 | \$700.00 |
| 11 | \$4,000,000 - \$7,999,999 | \$1,500.00 |
| 12 | \$8,000,000 - \$19,999,999 | \$3,500.00 |
| 13 | \$20,000,000 - \$39,999,999 | \$7,000.00 |
| 14 | \$40,000,000 - \$79,999,999 | \$15,000.00 |
| 15 | \$80,000,000 - \$399,999,999 | \$30,000.00 |
| 16 | ≥ \$400,000,000 | \$40,000.00 |

Acquirers with selective acceptance merchants should contact Visa for additional pricing information.

Visa will effectively waive the Fixed Acquirer Network Fee for members that acquire for eligible Charitable and Social Service Organizations (MCC 8398). The FANF waiver for Charitable and Social Service Organizations will be provided to acquirers through a quarterly rebate process separate from the Operating Certificate process and will therefore not require any changes to the FANF reporting requirements listed in the *Fixed Acquirer Network Fee Reporting Guide*. Members will continue to report FANF data representing their entire merchant portfolio. Detailed instructions for submitting rebate requests for Charitable and Social Service Organizations will be announced at a later date and made available on Visa Online at that time.

Acquirers can access the updated *Fixed Acquirer Network Fee Reporting Guide* via [Visa Online](#). To access the guide:

1. Log in to Visa Online.
2. Navigate to the “Operating Certificate” section.
3. On the “Member Profile” page, click on the “Help” link (as shown in the following image).



4. Once the “Help” window appears, scroll down through the “Help Index” and click on the “Merchant Information” link (as shown in the following image).