

# UK Visa credit card ban is Amazon's latest offensive against transaction fees

Article

**The news:** Amazon will stop accepting Visa credit card payments in the UK starting January 19 because of rising merchant card fees, per The Wall Street Journal. Amazon is offering affected UK customers **£20 (approximately \$26) off a purchase** to encourage them to update their payment method.

**Key context:** An Amazon spokesperson told the Journal that high fees translate to higher prices at checkout: More often than not, merchants end up passing those fees on to customers. The spokesperson said technological advancements should be bringing these fees down—instead, they’re rising.

- Fees to accept online credit cards tend to be higher in part because they carry a larger risk of fraud—bringing on higher costs for ecommerce merchants like Amazon. This might be why Amazon also recently imposed a 0.5% **surcharge on Visa credit card payments** in [Australia](#) and [Singapore](#).
- And Amazon isn’t the only retailer that’s taken issue with the fees: Global retailers like [Walmart](#) and [Kroger](#) have also enforced temporary bans on Visa card payments in the past—and some have even taken the issue to [court](#).

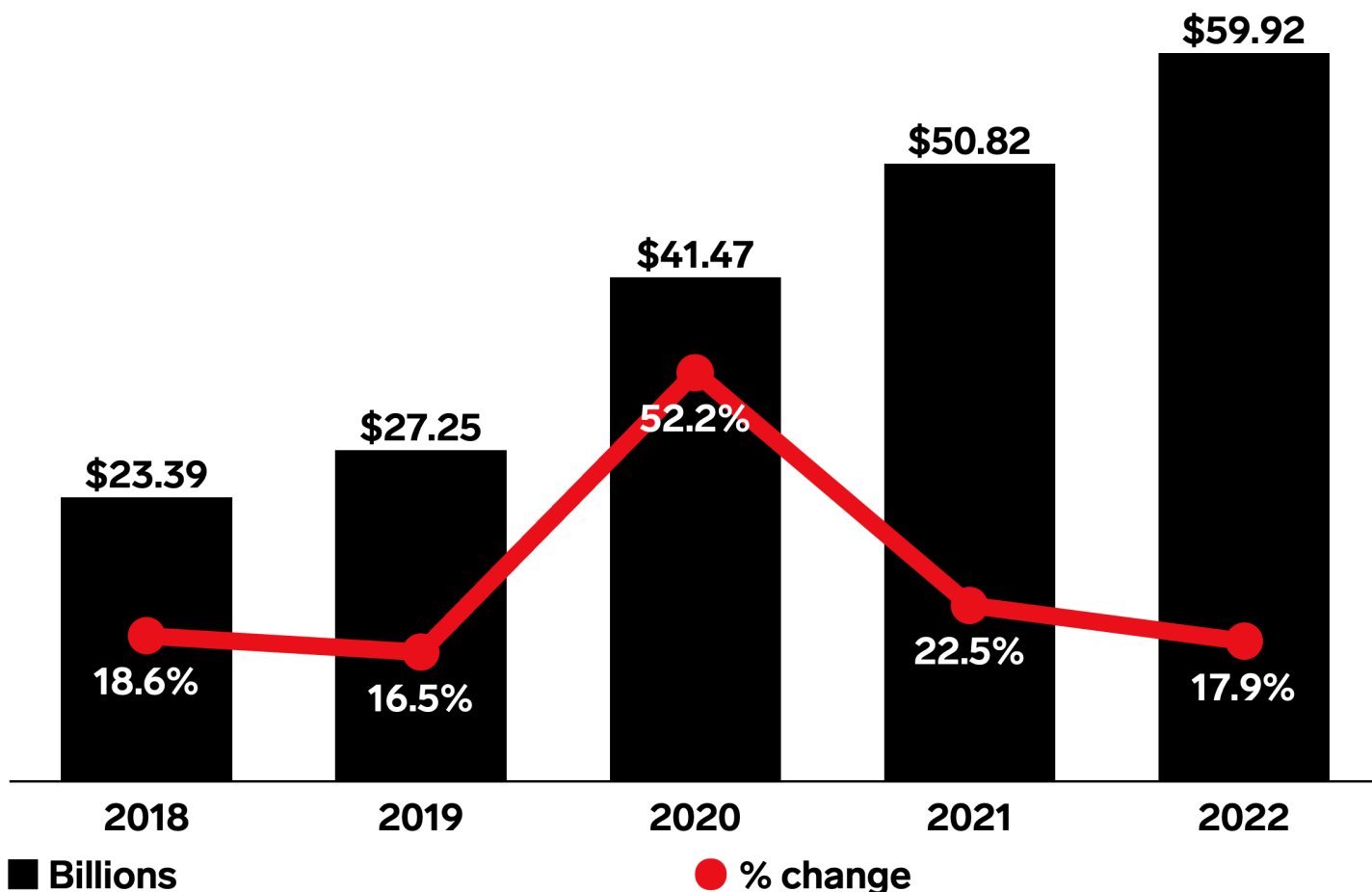
**Why it matters:** The UK is a major card market for Visa, and being cut off by one of the largest retailers in the world could put a dent in the network’s payments volume. Last year, **2.8 billion payments** were made using a credit card in the UK (approximately 8% of overall payments volume), [per](#) UK Finance—potentially making the country a sizable chunk of Visa’s global business.

- Amazon is likely trying to pressure the card titan to bring down fees, even if it means potentially losing some inconvenienced customers in a key market: **Amazon is expected to reach \$50.82 billion in UK ecommerce sales this year**, [per](#) eMarketer forecasts from Insider Intelligence. The retailer may also be confident that it could weather a potential dip in business thanks to substantial customer loyalty.
- The UK ban could foreshadow a ban in the US since Amazon seems to be targeting some of its biggest markets. That would hurt Visa’s business significantly—the US is its largest market: In its [fiscal Q4](#) (ended September 30, 2021), the **US accounted for 45% of Visa’s total credit card volume**.

**Related content:** Check out [“The Power of Amazon”](#) report for a deep dive into the retailer’s lucrative business units and how it achieved leadership standing in the ecommerce space.

# Amazon Retail Ecommerce Sales

UK, 2018–2022



*Note: all years converted to USD using average 2020 exchange rates; represents the gross value of products or services sold on Amazon.uk or international Amazon platforms (browser or app), regardless of the method of payment or fulfillment; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services and credit card agreements; includes direct and marketplace sales.*

*Source: eMarketer, October 2021*

*Methodology: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from company reports, consumer online buying trends, and macro-level economic conditions.*

1058285816335

[InsiderIntelligence.com](https://www.insiderintelligence.com)