

# Amazon's battle with Visa over merchant card fees could hit US soil

Article

**The news:** Amazon is reportedly exploring switching its Chase-issued co-brand card from Visa to Mastercard—the latest escalation in its credit card fee battle with Visa, per Bloomberg. The portfolio contains more than \$15 billion in loans and an estimated **\$50 billion** in annual volume.

**How we got here:** Amazon's frustration over the fees it pays on Visa credit card transactions likely influenced its decision to seek out another network for its co-brand card. It also plans to [stop](#) accepting Visa credit cards in the UK and imposed a **0.5% surcharge** on Visa credit cards in [Australia](#) and [Singapore](#).

Card fees on ecommerce purchases tend to be higher because they carry a greater risk of fraud. And as one of the biggest online retailers in the world, Amazon pays billions of dollars' worth of fees each year.

**What this means:** Amazon is likely using its co-brand card portfolio to pressure Visa into negotiating better fee terms. But if that fails and it decides to switch networks, it might also need to find a new issuer—the etailer was reportedly exploring a sale earlier this year—resembling Amex's Costco portfolio [sale](#) to Citi in 2016.

- Amazon is the top US etailer, which makes its portfolio extremely attractive. While losing its volume would have a limited effect on Visa's overall business—**Amazon's portfolio is equivalent to just 1% of Visa's total US volume** in 2020—it would have a material impact on Visa's US consumer credit card business.
- Plus, Amazon is expected to hit **\$376.57 billion in US ecommerce sales** this year, [per](#) eMarketer forecasts from Insider Intelligence—and many of these transactions will likely flow through Visa's network. Visa might want to avoid alienating Amazon further and losing this volume, especially if Amazon enacts more Visa bans internationally.

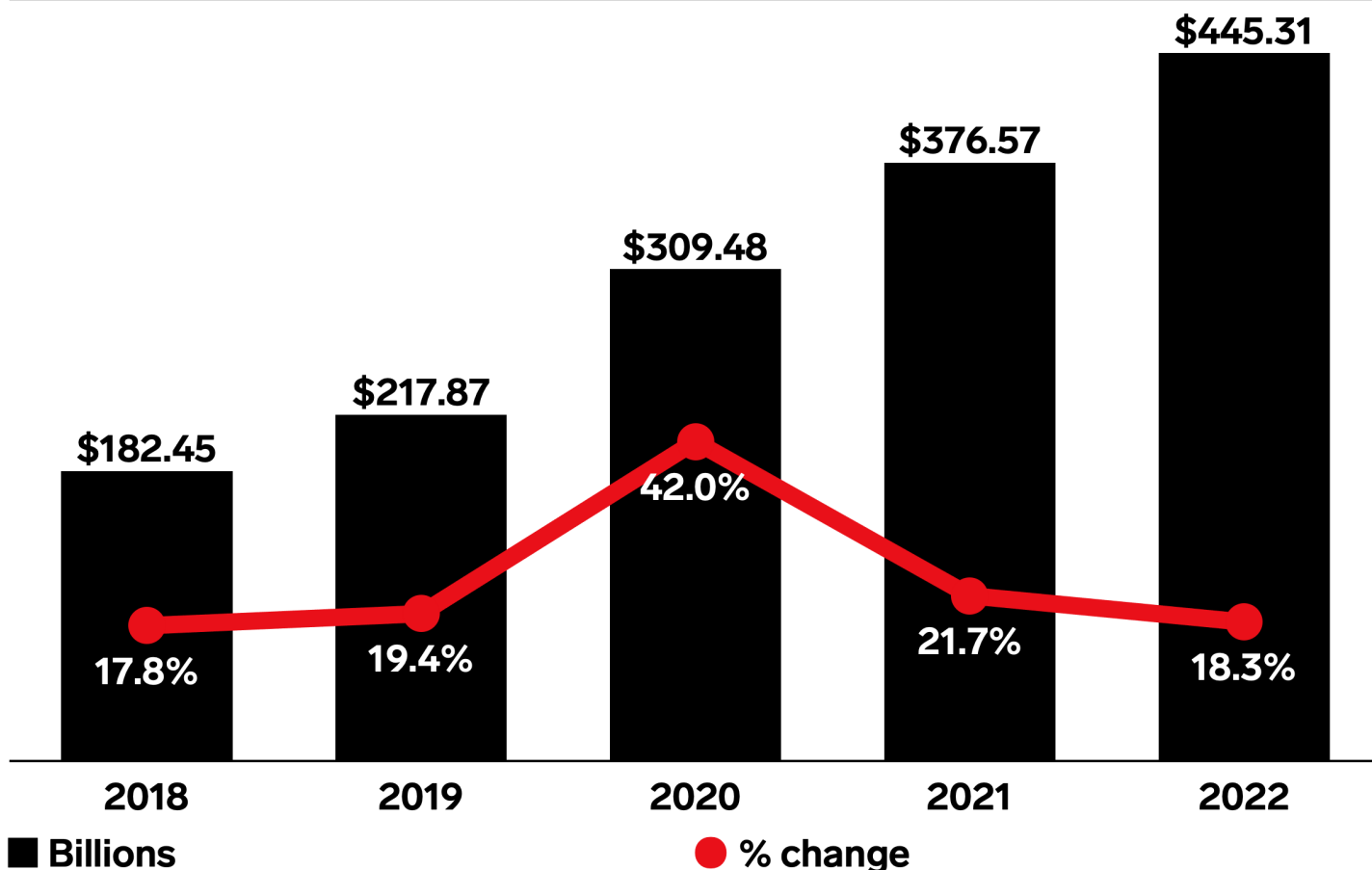
**The bigger picture:** Amazon's growing frustration over merchant [card fees](#)—and its recalcitrance in response—could lead Visa to cut a deal with the etailer.

But Visa may also end up lowering its fees across the board, especially if other large retailers decide to join in and exert pressure as well. That could improve Amazon's reputation among merchants after being perceived as a threat or rival for years.

**Related content:** *If you want to learn more about co-brand cards and emerging trends in the space, check out [“The Co-Brand Credit Card Report.”](#)*

# Amazon Retail Ecommerce Sales

US, 2018–2022



*Note: Represents the gross value of products or services sold on Amazon.com (browser or app), regardless of the method of payment or fulfillment; includes direct and marketplace sales; excludes travel and event tickets, Amazon Web Services (AWS) sales, advertising services, and credit card agreements. eMarketer benchmarks its retail ecommerce sales figures against US Department of Commerce data, for which the last full year measured was 2020.*

*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.*

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