

Amazon and Visa call truce on global dispute, but feud highlights evolving payments landscape

Article

The news: Amazon and Visa reached a global deal on credit card acceptance after a public disagreement over interchange fees, per the FT.

How we got here: The dispute between the two has played out for months across multiple markets as Amazon attempted to pressure Visa into lowering its fees.

- In August, Amazon said it would **introduce a customer surcharge** in [Singapore](#) for any purchase made with a Visa credit card. It introduced the same surcharge in [Australia](#) the following month.
- Tensions escalated in November, when Amazon **announced** it would **stop accepting Visa credit cards in the UK** from mid-January because of rising fees between the UK and the EU—it even offered customers £20 off a purchase to update their payment method.
- Amazon **backtracked on the UK Visa ban** last month, hinting a deal was close.

Neither company confirmed the terms of their agreement, which also includes “a joint commitment to collaboration on new product and technology initiatives to ensure innovative payment experiences,” per Visa. But Amazon’s change of plans may be the result of improved merchant card fee terms with Visa, which we **predicted** was a possible outcome.

The big picture: With so much at stake, the deal may bring both firms a sense of relief that what could have been a costly corporate spat has ended.

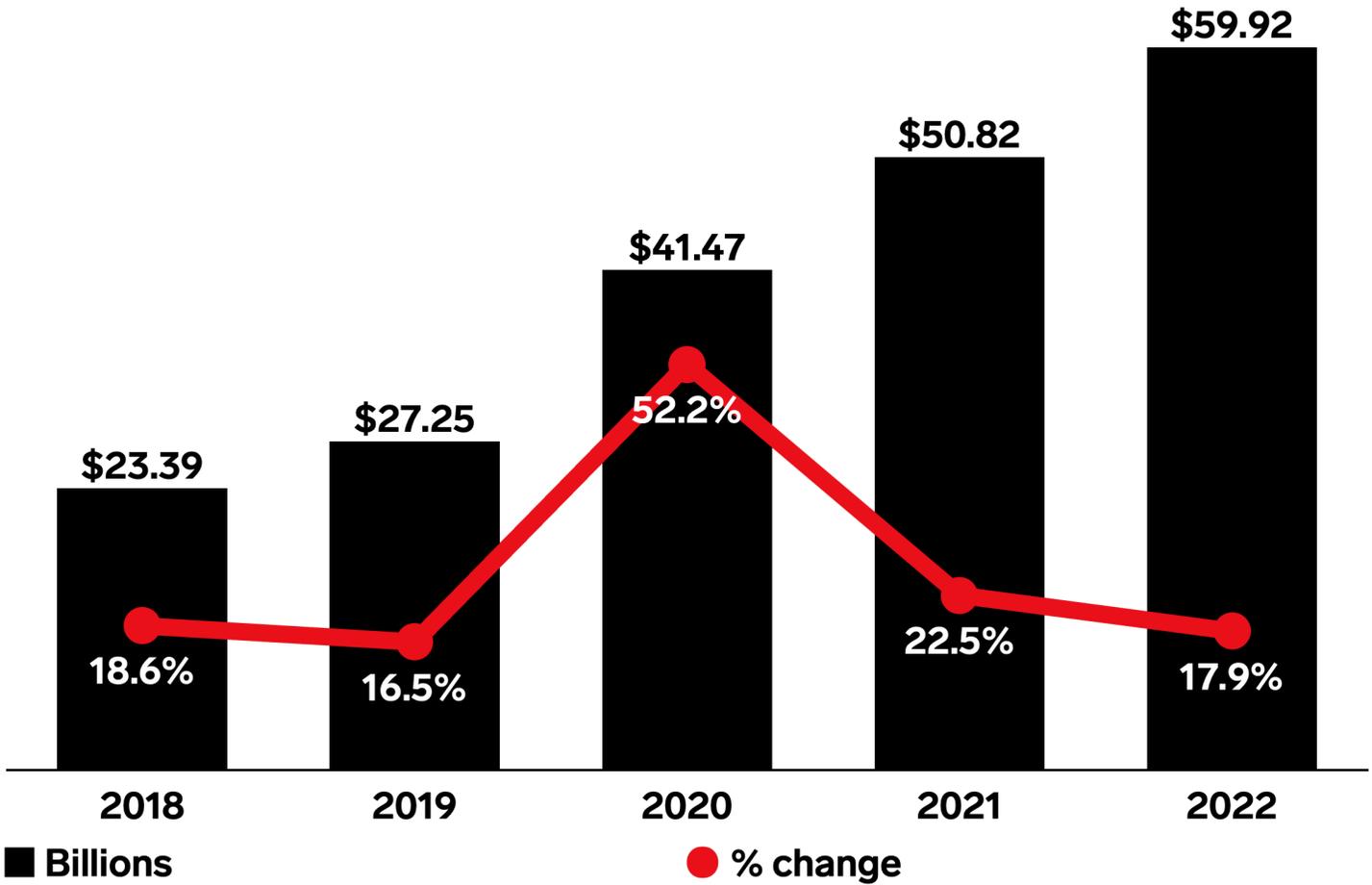
Because Amazon **accounts** for **12.5% of global ecommerce sales**, it could use its heft to pressure Visa to ink a more accommodating fee structure—outlining a strategy that other large merchants could follow. But Visa credit cards dominate the global market, so losing its business in key markets could have created problems for Amazon, which may have also forced the merchant’s hand.

What’s next? The industry heavyweights’ dispute highlights multilateral fee-related tension that threatens to boil over:

- Visa, **Mastercard**, and **American Express** will have to compete with the **rise of alternative payment methods** like buy now, pay later (BNPL) and account-to-account (A2A) payments that leverage open banking. Two major issuers **entered** the A2A market this week, and others may follow—including domestic schemes.
- **Swipe fees will remain a point of tension** between merchants and card networks. This pressure could lead networks to lower fees or cancel planned increases—or compel

regulators to act.

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.

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