

# Mastercard and Visa delay card fee hikes for another year

## Article

Mastercard and Visa [pushed back](#) adjustments that would've affected merchant card fees.

Here's what you need to know:

- **Both card networks were set to increase merchant card fees for select transactions next month.** In February, it was [reported](#) that Mastercard and Visa would increase merchant credit

card fees this April for card-not-present transactions, including online payments. But they've now decided to push back these adjustments until April 2022, the second delay since the onset of the coronavirus pandemic: Last year, Mastercard and Visa [forwent](#) planned fee adjustments in response to the crisis.

- **Legislators pushed back against the hikes, citing the need to support economic recovery.** Senate majority whip Dick Durbin, D-I.L., and Rep. Peter Welch, D-V.T., sent a [letter](#) to Mastercard and Visa asking them to hold off on increasing fees. They wrote that “raising fees would undermine efforts to help the economy recover and further reduce Americans’ purchasing power.”

**The card fee adjustments are a point of contention because they primarily target ecommerce, which most merchants have relied on throughout the pandemic.**

- There's been a rise in online payments throughout the crisis, driven by a [surge](#) in ecommerce. This shift was vital during US lockdowns, when most brick-and-mortar merchants [closed](#) temporarily—or [permanently](#)—and often operated completely online.
- Many merchants kept their online business going even as lockdown restrictions eased: In June 2020, 27% of US small and medium-sized businesses (SMBs) began selling online for the first time. By January 2021, 43% of them were actively engaged in selling online, [according to](#) Visa's Back to Business study.
- And even as pandemic conditions [improve](#), ecommerce will remain an important sales channel for merchants: More than 40% of consumers say they would not shop in-store more than they currently do after being vaccinated, per a First Sight study [cited](#) by CNBC.

**But now that fee increases are being delayed, merchants—primarily smaller businesses—have a chance to pocket revenue that may have otherwise gone toward higher card fees.** This may help them regain their financial footing, especially as economic conditions [recover](#) from the pandemic and make way for increased consumer spending. The delay might have the greatest impact on SMBs, which make up more than [99%](#) of all businesses in the US, because many of them lack the financial resources big businesses have to pay merchant fees. However, card fees will likely remain a point of contention for merchants and be met with pushback when they're due to rise again next year. But merchants may be in a better financial position to handle card fee increases by next April, when the economic fallout from the pandemic will likely have subsided substantially.