Office of Public Affairs
U.S. Department of Justice

PRESS RELEASE

Justice Department Sues Visa for Monopolizing Debit Markets

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For Immediate Release

Office of Public Affairs

Visa's Exclusionary and Anticompetitive Conduct Undermines Choice and Innovation in Payments and Imposes Enormous Costs on Consumers, Merchants, and the American Economy

The Justice Department filed a civil antitrust lawsuit today against Visa for monopolization and other unlawful conduct in debit network markets in violation of Sections 1 and 2 of the Sherman Act.

Filed in the U.S. District Court for the Southern District of New York, the complaint alleges that Visa illegally maintains a monopoly over debit network markets by using its dominance to thwart the growth of its existing competitors and prevent others from developing new and innovative alternatives.

According to the complaint, more than 60% of debit transactions in the United States run on Visa's debit network, allowing it to charge over $7 billion in fees each year for processing those transactions. The complaint further alleges that Visa illegally maintains its monopoly power by insulating itself from competition. For example, Visa wields its dominance, enormous scale, and centrality to the debit ecosystem to impose a web of exclusionary agreements on merchants and banks. These agreements penalize Visa's customers who route transactions to a different debit network or alternative payment system. In so doing, the complaint alleges, Visa locks up debit volume, insulates itself from competition, and smothers smaller, lower-priced competitors. Visa also induces would-be competitors to become partners instead of entering the market as competitors by offering generous monetary incentives and threatening punitive additional fees. As the complaint alleges, Visa coopted the competition because it feared losing share, revenues, or being displaced by another debit network altogether.

"We allege that Visa has unlawfully amassed the power to extract fees that far exceed what it could charge in a competitive market," said Attorney General Merrick B. Garland. "Merchants and banks pass along those costs to consumers, either by raising prices or reducing quality or service. As a result, Visa's unlawful conduct affects not just the price of one thing – but the price of nearly everything."

Debit transactions are an important and popular part of the U.S. financial system. Millions of Americans prefer or must use debit for online and in-person purchases. Visa dominates debit network markets that facilitate these transactions, charging significant fees and stifling competition in the process. Visa's systematic efforts to limit competition for debit transactions have resulted in billions of dollars in additional fees imposed on American consumers and businesses and slowed innovation in the debit payments ecosystem. Through this lawsuit, the Justice Department seeks to restore competition to this vital market on behalf of the American public.

"Anticompetitive conduct by corporations like Visa leaves the American people and our entire economy worse off," said Principal Deputy Associate Attorney General Benjamin C. Mizer. "Today's action against Visa reminds those who would stifle competition rather than competing on price or investing in innovation that the Justice Department will never hesitate to enforce the law on behalf of the American people."

"Visa fears competition and innovation, and instead chooses unlawful cooperation and monopolization," said Principal Deputy Assistant Attorney General Doha Mekki of the Justice Department's Antitrust Division. "Visa abuses its power over its customers and buys off would-be rivals at the expense of American consumers, merchants, banks, and the competitive process itself. Today's lawsuit holds Visa accountable for its conduct in a market that forms the backbone of American commerce."

Visa maintains enormous scale on both sides of the debit market — with merchants and their banks and with consumers and their banks — and the complaint alleges that Visa's exclusionary practices extend, deepen, and protect what it refers to as an "enormous moat" around its business. When faced with the possibility that smaller debit networks or new technology entrants would threaten that position, Visa engaged in a deliberate and reinforcing course of conduct to cut off competition and prevent rivals from gaining the scale, share, and data necessary to compete for customers' business:

- **Smaller Debit Networks**: Visa uses leverage based on the large number of transactions that must run over Visa's payment rails to impose expansive volume commitments on merchants and their banks, as well as on financial institutions that issue debit cards. These agreements are priced so that, unless all or nearly all debit volume runs over Visa's payment rails, large disloyalty penalties can be imposed on all Visa transactions. Merchants cannot afford to use Visa's smaller competitors for transactions where options do exist, even when those competitors offer lower per-transaction prices.
- **Tech Entrants**: As Visa's internal documents make clear, Visa feared that some technology companies and fintech startups with "network ambitions" would cut Visa out as the middleman between merchants, consumers, and their banks by offering a better or cheaper payment product. Visa aimed to stop that development by entering into agreements to pay potential competitors to partner instead of innovating. As Visa's then-CFO put it: "Everybody is a friend and partner. Nobody is a competitor."

In 2020, the Justice Department filed a civil antitrust lawsuit to stop Visa from acquiring Plaid, a technology company that powers fintech apps developing disruptive options for online debit payments. The companies abandoned their planned $5.3 billion merger.

Visa Inc. is a Delaware corporation headquartered in San Francisco. Visa has a global operating income of $18.8 billion and an operating margin of 64% in 2022. North America is among Visa's most profitable regions with 2022 operating margins of 83%. Visa charges roughly $8 billion in network fees on U.S. debit volume annually. Globally, Visa processes $12.3 trillion in total payment volume.

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