

Wal-Mart sues Visa for US\$5 billion over card swipe fees
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Wal-Mart Stores Inc this week sued Visa Inc for US\$5 billion (RM16 billion), accusing the credit and debit card network of excessively high card swipe fees, several months after the retailer opted out of a class action settlement between merchants and Visa and MasterCard Inc.

Visa declined to comment on the suit, filed Tuesday in the US District Court for the Western District of Arkansas, where Wal-Mart is headquartered.

Visa and other card networks charge retailers fees, called swipe fees or interchange fees, each time a shopper uses a debit or credit card to pay.

In December, a federal judge in Brooklyn, NY, approved a US\$5.7 billion class action settlement between merchants and Visa and MasterCard despite the objections of thousands of retailers that complained it was inadequate.

Wal-Mart, Amazon.com Inc, and Target Corp were among those opting out of the monetary components of the settlement to have the freedom to seek damages on their own.

Those businesses complained about a broad litigation release in the settlement. The release forces all merchants who accepted Visa or MasterCard, and those who will in the future, to give up their right to sue the credit card companies over rules at issue in the case or similar ones they may make in the future.

Wal-Mart, the world's largest retailer, is seeking damages from price fixing and other antitrust violations that it claims took place between January 1, 2004 and November 27, 2012.

In its lawsuit, Wal-Mart contends that Visa, in concert with banks, sought to prevent retailers from protecting themselves against those swipe fees, eventually hurting sales.

"The anticompetitive conduct of Visa and the banks forced Wal-Mart to raise retail prices paid by its customers and/or reduce retail services provided to its customers as a means of offsetting some of the artificially inflated interchange fees," Wal-Mart in court documents.

"As a result, Wal-Mart's retail sales were below what they would have been otherwise."

When asked whether Wal-Mart would file a suit against Mastercard, a spokesman for the retailer said the company would not discuss its litigation plans publicly.

Wal-Mart contends that that the way Visa set swipe fees violated antitrust regulations and generated more than US\$350 billion for card issuers over the nearly 9-year period in question, in part at the expense of the retailer and customers. – Reuters, March 28, 2014.

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