

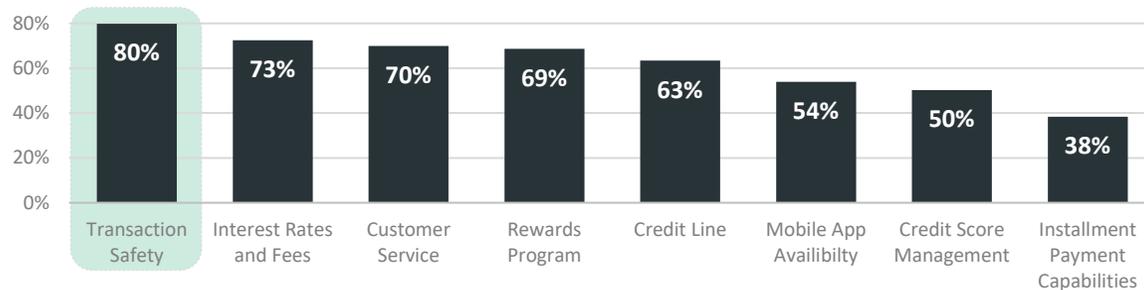
Fraud security is a priority for both consumers and credit card companies. Consumers most commonly cite transaction security as an important factor when choosing a credit card. Meanwhile, credit card companies continue to heavily invest in new technology designed to improve fraud prevention.

Current technology is effective at detecting fraudulent transactions. Nearly half of all fraudulent transactions are blocked at the outset by credit card companies, and investments in machine learning and AI could make that rate even higher in the future.

When fraud does occur, consumers rarely suffer financial harm. Almost all fraudulent transactions are either blocked at the outset or the credit card company refunds the customer for fraudulent charges. As such, the vast majority of credit card fraud results in no financial harm to consumers.

Transaction Safety Is Crucial to Consumers Choosing a Credit Card

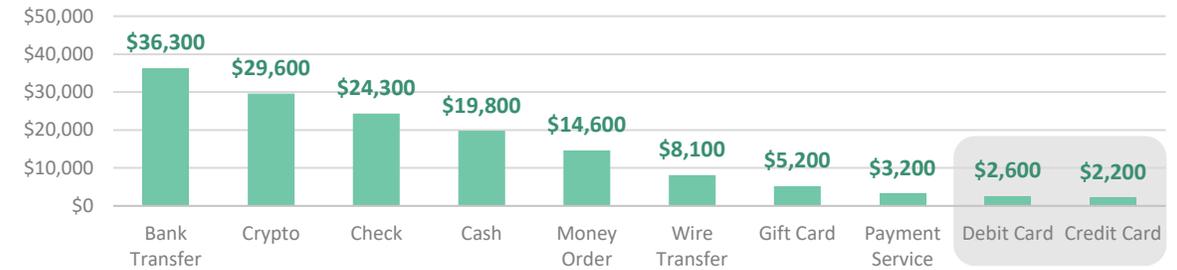
Transaction safety is the most important consideration for why consumers choose a credit card. 80% of respondents to a recent survey listed “transaction safety” as highly important when choosing a credit card.



Source: PYMNTS (2024)

Debit and Credit Cards Have the Lowest Average Fraud Loss

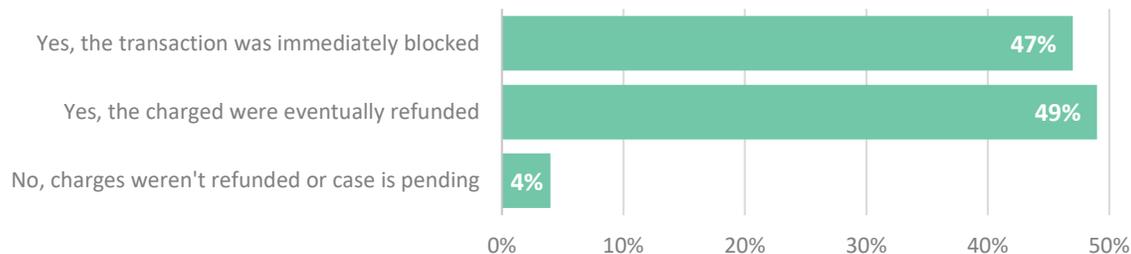
In 2023, the average amount lost per reported case of fraud was lowest for debit and credit cards compared to any other common payment method.



Source: FTC (2024)

Fraud Victims Nearly Always Get Their Money Back

Credit card companies take care of customers hurt by fraud; amongst fraud victims, almost every fraudulent transaction was either blocked or the fraudulent charges were eventually refunded.



Source: Security.org (2024)

Credit Card Companies Invest Billions in Fraud Prevention

Credit card companies continue to invest billions of dollars in cutting-edge security technologies to improve fraud detection and prevention efforts.

\$10 Billion

Spent by Visa on security and fraud prevention technology in the last 5 years

\$7 Billion

Spent by Mastercard on security and fraud prevention technology in the last 5 years

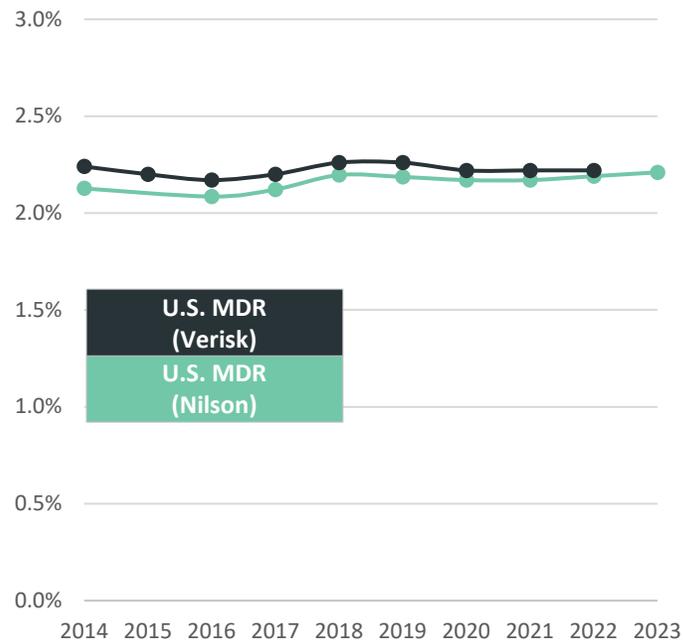
Sources: PYMNTS (2024), CNBC (2024)

➤ **Merchants pay a percentage of the transaction to process card payments.** This payment, known as the merchant discount fee or the merchant discount rate (MDR), consists of several components, of which interchange is the largest.

➤ **The average MDR is essentially unchanged over the last decade.** In 2023 (the most recent data available), it was 2.21% of total credit card sales revenue. Meanwhile, credit interchange rates have remained flat since 2017 while debit interchange rates have dropped 6 basis points from 2014 – 2022.

Credit Card Merchant Discount Rate (MDR)

Both Verisk Financial Research and Nilson publish estimates of the MDR for credit cards. In 2023, Nilson's estimate for the weighted average MDR in the United States across all credit card networks was 2.21%. Verisk's estimate is similar: while data is not yet available for 2023, the weighted average MDR across all credit cards was 2.22% in 2022.



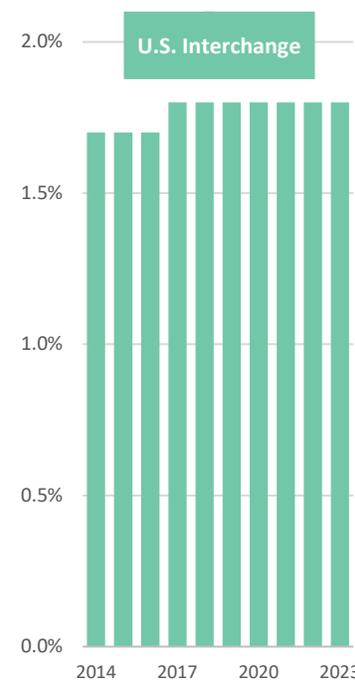
Year	Nilson MDR	Verisk MDR
	U.S.	U.S.
2014	2.13%	2.24%
2015	-	2.20%
2016	2.09%	2.17%
2017	2.12%	2.20%
2018	2.20%	2.26%
2019	2.19%	2.26%
2020	2.17%	2.22%
2021	2.17%	2.22%
2022	2.19%	2.22%
2023	2.21%	-

Source: Nilson Report; Verisk. Nilson data for 2015 is unavailable.

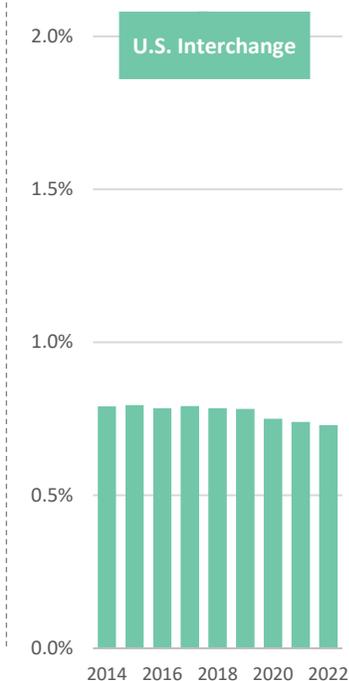
Interchange Rate (Largest Component of MDR)

Per Javelin & Verisk, the average credit interchange rate in the U.S. has held steady at 1.80% since 2017. Meanwhile, the average debit interchange rate, capped below the market-determined level due to the Durbin amendment, fell 6bp to 0.73% from 2014–2022, per the Federal Reserve.

Credit



Debit



Year	Debit Interchange	Credit Interchange
	U.S.	U.S.
2014	0.79%	1.70%
2015	0.80%	1.70%
2016	0.78%	1.70%
2017	0.79%	1.80%
2018	0.78%	1.80%
2019	0.78%	1.80%
2020	0.75%	1.80%
2021	0.74%	1.80%
2022	0.73%	1.80%
2023	-	1.80%

Source: Javelin Strategy & Verisk (Credit) and [Federal Reserve](#) (Debit). Debit interchange data for 2023 is not yet available from the Fed. Debit interchange estimates are weighted averages that account for exempt and covered transactions across all networks.

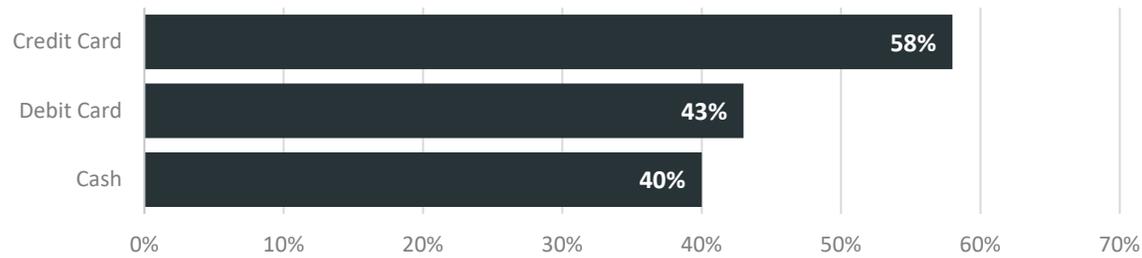
North American travelers prefer to use credit cards to fund vacations. According to a Discover Global Network survey, they used credit cards more than other payment method to pay for travel expenses.

Consumers redeem credit card rewards for diverse travel experiences. Though airline tickets are the most popular, consumers used their travel rewards to cover a host of travel expenses, including hotels, rental cars, and cruises.

Merchants and consumers benefit from travel credit cards and reward programs. Without travel rewards, many consumers would have to downgrade their travel spending and plans, suggesting that consumers and businesses benefit from the increased spending enabled by travel reward programs.

North American Travelers Prefer Credit Cards

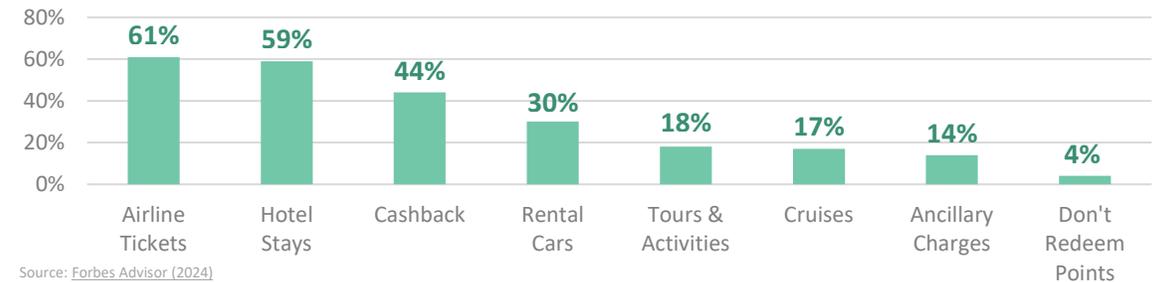
When asked what methods they use to finance their travel, North American consumers reported that they used credit cards substantially more than cash.



Source: Discover Global Network (2024)

Consumers Use Travel Credit Cards for Different Travel Expenses

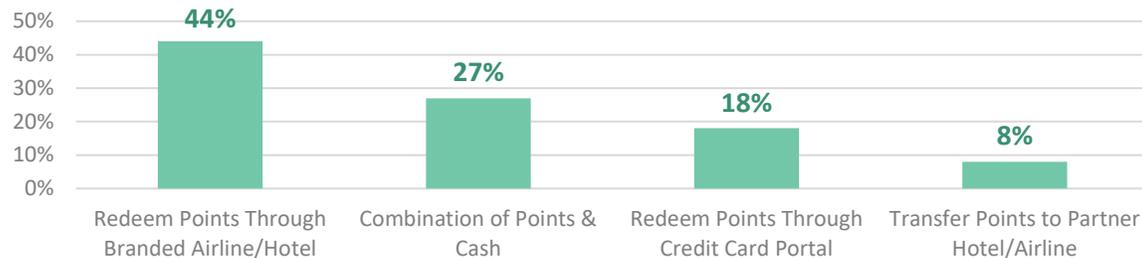
Consumers with travel credit cards redeem earned rewards on a variety of travel options, but airline tickets and hotel stays are by far the most popular redemption categories.



Source: Forbes Advisor (2024)

Card Companies Give Customers Flexibility When Redeeming Travel Points

Rewards cardholders have flexibility in their options to redeem travel points and miles, giving them choice in how best to reduce out-of-pocket travel expenses.



Source: Forbes Advisor (2024)

Rewards Enable Travel Spending

Most travelers at least partly rely on rewards to fund their current level of travel; without them, many would travel less or reduce spending on vacations.

77%

Travelers who would significantly alter their travel behavior without reward programs

37%

Travelers enrolled in loyalty programs who consider rewards an essential part of their travel budget

Source: Barclays (2024)