



USA: Court rejects \$7.25b settlement between Visa, MasterCard and retailers

A federal appeals court on Thursday threw out the \$7.25 billion settlement between Visa and MasterCard and millions of retailers.

The court found that the antitrust settlement reached by the two giant payment firms was “unreasonable and inadequate” for retailers.

The \$7.25 billion settlement, announced in July 2012, was the largest antitrust settlement in the United States history.

“We are pleased that the Second Circuit Court of Appeals has thoughtfully addressed the problems we have long identified with this proposed settlement. We will work to help ensure that this moves forward in a way that recognizes the best interests of merchants and the consumers they serve,” said NACS President and CEO Henry Armour.

The decision is a significant blow for the credit card industry, which hoped the settlement would put an end to a decade of litigation.

Retailers believed that Visa and MasterCard were overcharging on interchange fees (swipe fees) when consumers used cards, and could not direct shoppers to cheaper means of payment, reports Reuters.

The settlement will now have to be renegotiated, or the case would go back to trial.