Electronic Payments Quarterly Data Dashboard

Small Businesses Benefit from Accepting Credit and Debit Cards

2025
Q1

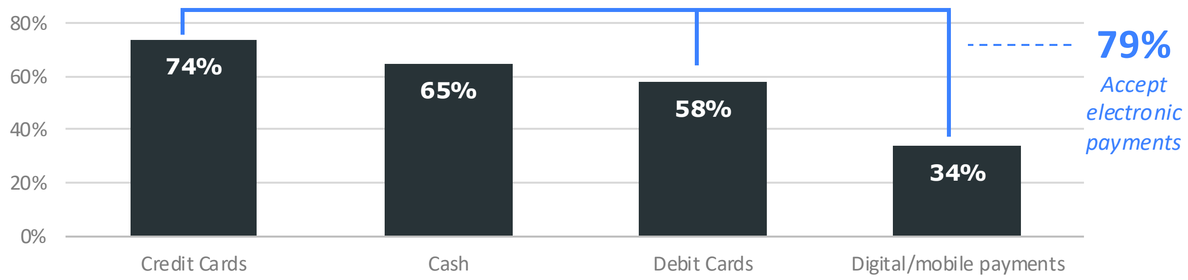
Consumers prefer using electronic payments when making purchases at small businesses. As consumer preferences continue to shift towards using cards and digital payment apps over cash, small businesses that accept these payments offer a better customer experience and generate higher sales, allowing them to better compete with larger firms.

Electronic payments reduce fraud costs for small businesses. Smaller companies are more vulnerable to check fraud than larger businesses, highlighting the importance of accepting electronic payments to reduce fraud costs that can otherwise put a major dent in profitability.

Electronic payments provide new sales channels to small businesses. The rapid growth in e-commerce over the last five years highlights the shift in consumer preferences to online purchases and is heavily dependent on electronic payments. By accepting card payments, small businesses can engage in the e-commerce market and its expanded revenue potential.

Small Businesses Widely Accept Electronic Payments to Drive Sales

Electronic payments have overtaken cash as the most frequently accepted forms of payment at small businesses. Nearly four-in-five small businesses accept at least one form of electronic payment.



Source: FED Small Business (2024)

Consumers Value Availability of Electronic Payment Options

The availability of preferred payment methods has a large impact on where consumers choose to shop. As preferences skew towards electronic payments, small businesses stand to gain from accepting cards.

55%

Of consumers choose where to shop based on the availability of their preferred payment method.

75%

Of consumers prefer to use credit or debit cards rather than cash for in-person payments.

Sources: PYMNTS (2025), Federal Reserve (2024)

Small Businesses are More Vulnerable to Check Fraud

One-in-four small businesses reported suffering from check fraud last year, making them far more prone to this risk than larger firms. Electronic payments are far more secure and less prone to fraud than checks.

25%

Of small businesses reported check fraud in 2024, vs. 15% of the general population.

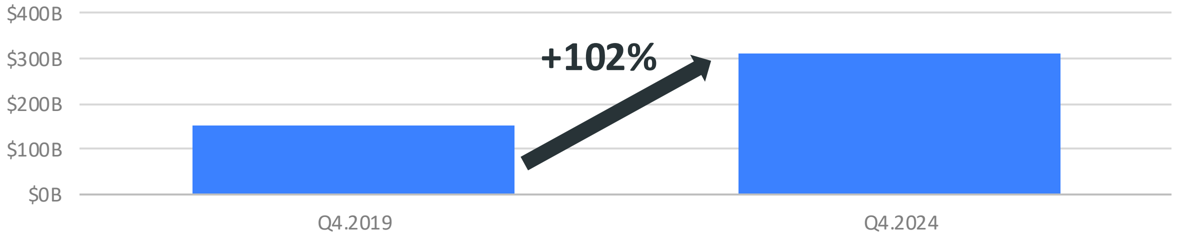
$24B

Estimated losses from check fraud in 2023 across all businesses.

Source: PYMNTS (2025)

Electronic Payments Allow Small Businesses to Unlock E-Commerce

Quarterly e-commerce sales have grown to over $300B, a market solely reliant on electronic payments. Accepting electronic payments allows small business owners to engage in this growing market.



Sources: Census Bureau (2025)

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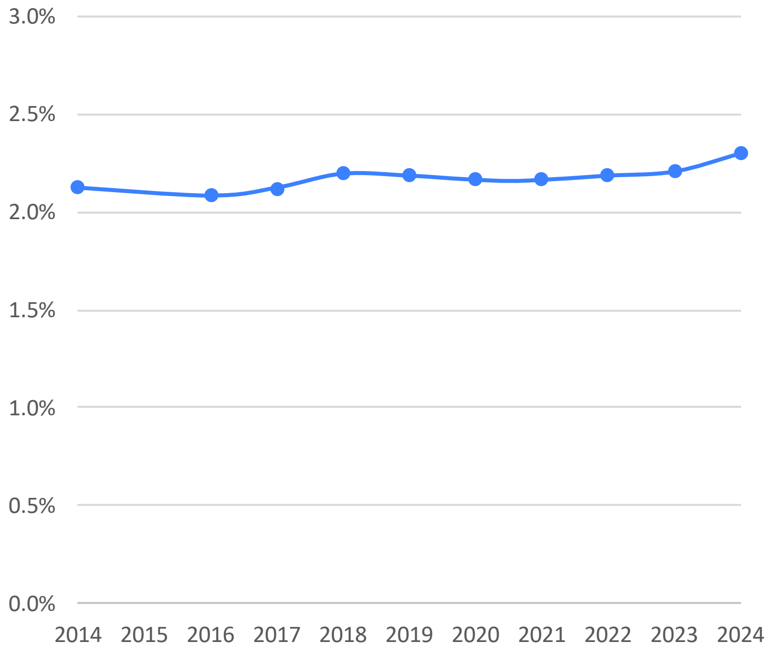
Interchange and Merchant Discount Rates

- **Merchants pay a small fee to accept credit and debit card payments**. This fee, 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 has remained largely stagnant over the last decade.** In 2024 (the most recent data available), average MDR was 2.30% of total credit card sales revenue. Credit interchange rates are unchanged since 2017 while debit interchange rates declined 6 basis points over the last ten years.

Credit Card Merchant Discount Rate (MDR)

Nilson publishes estimates of the MDR for credit cards annually. In 2024, Nilson's estimate for the weighted average MDR in the United States across all credit card networks was 2.30%, a slight uptick from 2023.

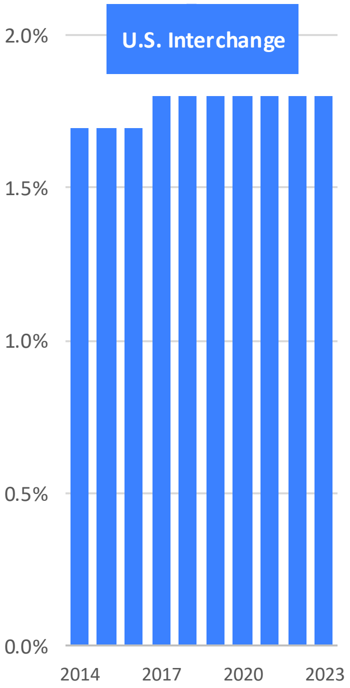


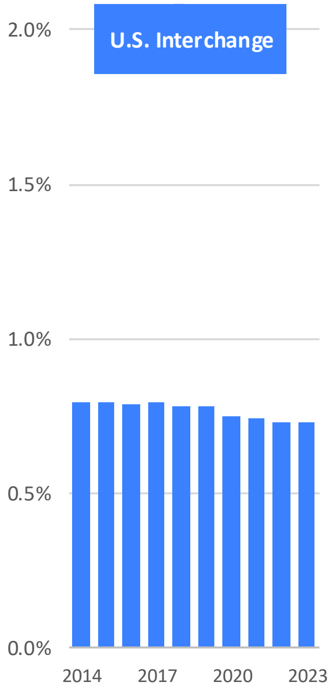
Year	Nilson MDR
	U.S.
2014	2.13%
2015	-
2016	2.09%
2017	2.12%
2018	2.20%
2019	2.19%
2020	2.17%
2021	2.17%
2022	2.19%
2023	2.21%
2024	2.30%

Source: Nilson Report. 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 2014–2023, per the Federal Reserve.





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	0.73%	1.80%

Source: Javelin Strategy & Verisk (Credit) and Federal Reserve (Debit). Debit interchange estimates are weighted averages that account for exempt and covered transactions across all networks.

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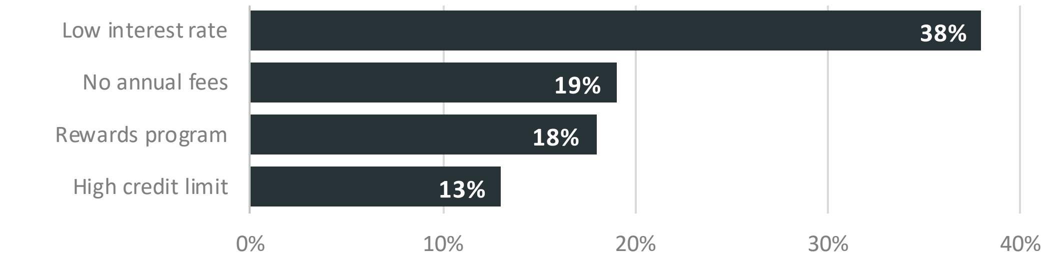
Credit Cards are Increasingly Important for Younger Generations

2025
Q1

- **Credit card ownership is more common among Gen Z.** Gen Z consumers are more likely to own a credit card than other generations at that age, likely in part due to Gen Z's heavier use of e-commerce platforms. Interest rates are the most important factor for Gen Z cardholders when selecting a card.
- **Younger generations are driving the growth in credit card spending.** Credit card spending is on the rise, largely because of increased utilization by Millennials and Gen Z. Younger generations use their credit cards differently than older generations: Gen Z focuses more on shopping and dining, while Baby Boomers focus more on fuel and lodging.
- **Gen Z consumers care more about rewards than older generations, especially when it comes to travel.** More than 60% of Millennial and Gen Z consumers use the credit cards in a manner that maximizes travel rewards, compared to just 36% of Gen X and Baby Boomers.

Gen Z Card Preferences are Driven By Rates and Rewards

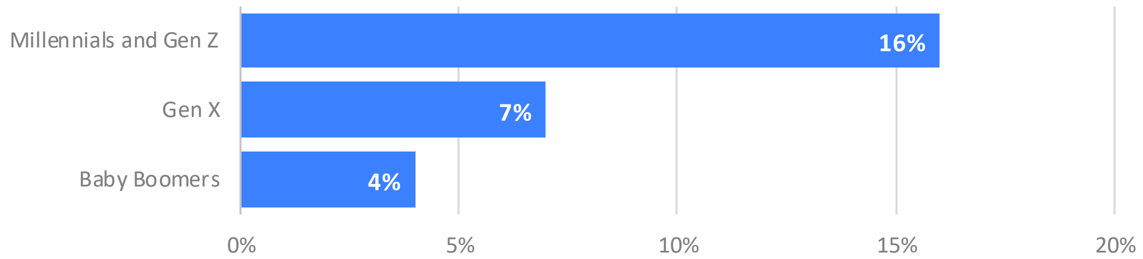
Low interest rates are the number one priority for Gen Z consumers when looking for a card. Other top priorities include annual fees, access to rewards programs, and a high credit limit.



Source: Motley Fool Money (2025)

Millennials and Gen Z Rely on Credit Cards for Spending

Millennial and Gen Z credit card spending (16%) surpassed the total growth in consumer spending using credit cards in Q4 2024 (9%), the highest growth in spending of any generation.



Source: American Express (2025)

Consumers Increasingly Hold and Rely on Credit Cards

A study in Texas demonstrates credit card ownership is more common among Gen Z than previous at that age, underscoring Gen Z's reliance on credit cards for making purchases.

60%
*Of **Gen Z Texans** had at least one credit card in their early 20s.*

55%
*Of **Millennial Texans** had at least one credit card in their early 20s.*

57%
*Of **Gen X Texans** had at least one credit card in their early 20s.*

Source: PaymentsJournal (2025)

Younger Generations Prioritize Travel Rewards

Millennial and Gen Z consumers highly value rewards programs when selecting a card, and a significant generational gap exists when it comes to utilizing rewards for travel.

61%
*Of **Millennials and Gen Z** use their credit card to maximize travel rewards.*

VS.

36%
*Of **Gen X and Baby Boomers** use their credit card to maximize travel rewards.*

Source: American Express (2025)