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MasterCard, Visa and RuPay to take a hit on revenue as they help push digital payments

By [Shilpy Sinha](#), ET Bureau | Updated: Dec 02, 2016, 12:53 AM IST

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MUMBAI: Banks and digital payments processors, such as Visa, [MasterCard](#) and RuPay, are expected to lose over Rs1,000 crore in revenue between November and December as the merchant discount rate (MDR) on the usage of debit cards at PoS (point of sale) transactions has been waived till December 31.

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Currently, for transactions below Rs2,000, a merchant pays the acquirer bank 0.75% MDR, while for transactions above Rs2,000, he shells out 1%. The acquirer bank (the one issuing the swipe machine) then pays 0.6% of its share to the card-issuing bank. The payment processors make anything between six and eight basis points on these transactions from acquirer and issuing banks.

The [National Payments Corporation of India](#) (NPCI) also collects 60 paise from card-issuing banks and 30 paise from the bank that issues the swipe machine. As per the latest numbers from the Reserve Bank of India (RBI), the collective value of debit and credit card transactions at ATMs and PoS was Rs2.62 lakh crore in September, and according to an estimate, banks and payment processors make around 1% on transactions at PoS terminals.

The amount merchants pay to the acquirer bank as a share of the transaction value at PoS terminals stood at Rs160 crore in September.

Several banks have said that PoS transactions have gone up three times post ban on high-denomination notes on November 8 and the consequent cash crunch in the system. But because of a recent directive from the RBI, banks will not get MDR from merchants till December 31. The NPCI was first to waive the charges on RuPay debit cards until the year-end. There are currently 1.5 million PoS terminals installed across the country, and another one million terminals are expected to be installed over the next six months.

“Our philosophy is to promote all aspects of payments, and there will be a healthy balance between cash and non-cash,” said Loney Antony managing director [Hitachi Payments Services](#). “All options should be made available to consumers and the choice should be left to him.”

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