

**STEP 1
ACCOUNT SET-UP**

To facilitate a transaction, a cardholder first sets up an account with the issuer. This can be a checking, direct deposit, prepaid, line of credit or mobile account.



**STEP 2
TRANSACTION BY
CUSTOMER**

Cardholder pays for a purchase by swiping, dipping, tapping, scanning or entering card information online or using a card on file housed by the merchant or a wallet (ie. CTP, the Pays) to access their account.

**STEP 3
TRANSACTION DATA SENT
FOR AUTHORIZATION**

The merchant sends the card information to their processor or acquirer who then facilitates the data through the card network (Visa, Mastercard etc) to the issuing bank.



**STEP 4
CLEARANCE &
SETTLEMENT OF
TRANSACTION**

This issuing bank receives and approves the transaction and sends payment back through the card networks, acquirers/processors and into the merchant's bank account.

*Amex and Discover act as both the network and the issuer



**STEP 5
FUNDS FLOW**

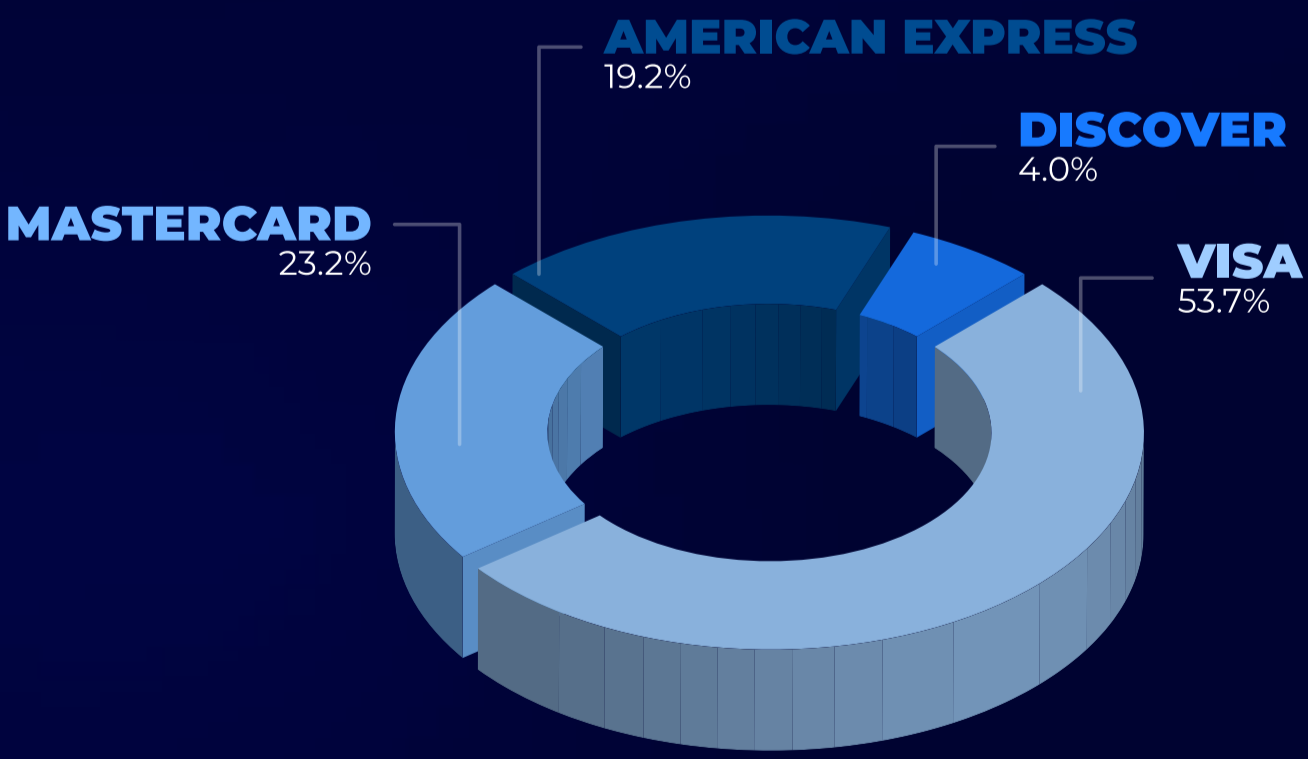
The cardholder pays the card issuer or bank for the sale amount, and fees are assessed at each step.

What Merchants Pay Along the Way

1. Swipe fees set by the card networks
2. Network fee
3. Process or acquirer fee

In 2019, merchants paid **\$119 billion** in general fees.

**MARKET SHARE OF PURCHASE
TRANSACTIONS WORLDWIDE DATA**



TERMS TO KNOW

Issuer

The financial institution that issued the customer's card and is responsible for paying the acquirer.

Network

The lines through which information is passed to allow for the settlement of a transaction.

Processor

Mediator between the issuer and acquirer for settlement of a transaction.

Acquirer

The merchant's financial institution.

Card Present (CP)

A transaction in which the card is physically present as when a customer swipes, dips or taps their card in a store.

Card Not Present (CNP)

A transaction in which the card is not physically present. For example, online or phone transactions are CNP.

