

Discussion

“Card acceptance and surcharging: the role of costs and competition” N.
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Main Question:

How do card payment costs and merchant competition affect merchants' preferences to surcharge card payments and merchants' card acceptance decision?

Methodology:

Test empirically the predictions of the theoretical literature by a survey data from 1008 Dutch merchants in 2007.

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 - Log of the average regional income level.

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- High market power merchants 14% less likely to accept debit cards and 25% more likely to surcharge than moderate market power merchants.

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- Very low market market have insignificant effects. (!)

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- Merchants with *high perceived fixed costs* are 42% less likely to accept credit cards than the ones with low or moderate costs.
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- High transaction size sectors more likely to accept credit cards.
- Low market power merchants are more likely to accept credit cards than moderate market power merchants.
- High market power is insignificant. (!)

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 - Fuel stations sell homogenous goods, whereas fashion stores might be highly differentiated.
- Including (*merchant size/type (independent/chain)* \times *cost perception*) as explanatory variables might improve the identification.
 - Independent merchants 21% more likely to find fixed costs of debit cards high than chain stores.
 - Small size merchants 20% more likely to find variable costs of debit cards high than larger merchants.

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- How is the surcharging behaviour compared between merchants accepting only debit cards and merchants accepting both debit and credit cards?