



## Impact of Mexico's Interchange Fee Reduction Proposal

November 5, 2025

Early last week, Mexico's banking regulator CNBV and central bank Banxico announced a public consultation on the proposal for new rules for payment card networks. Among other measures, the new rules, if approved, would meaningfully reduce the interchange fees that card issuers receive, which we estimate would have a significant impact on both fintech challengers and some legacy issuer banks (mainly BBVA, Banamex and Banorte) that are large receivers of interchange. However, this impact could be offset by changes to their product offering, such as lower rewards, higher interest rates or annual fees.

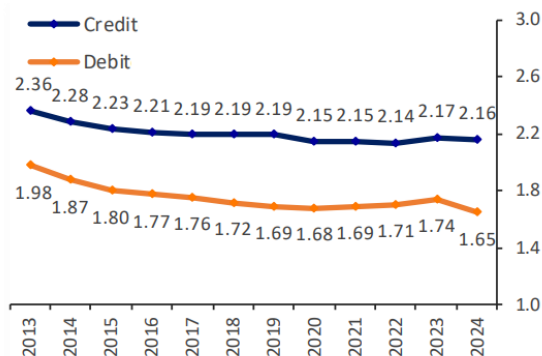
We also see potential downside risk for clearing houses, with rules rather explicitly aiming for increased competition in the sector (i.e., new entrants). More generally, we further highlight increased risk for Mexican companies with high margins in regulated fields: this and other recent developments lead us to believe that the Sheinbaum administration will not shy away from exercising its regulatory powers, making a lot less noise than AMLO did, but moving with much greater technical precision.

### Significant potential impact to fintechs and banks

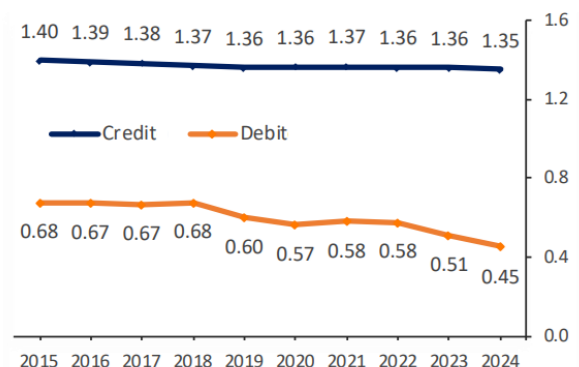
#### *What are interchange fees?*

Interchange fees are per-transaction amounts paid by the acquiring bank (the bank hired by the merchant to process the card payments it receives) to the issuing bank (the cardholder's bank or issuing entity) when a card is used at the point of sale and the two banks involved are distinct. They are designed to cover fraud, risk, and processing costs for the issuer. They make up the largest component of the total fee charged to merchants for accepting cards (known as the Merchant Discount Rate, or MDR). According to Banxico, the average for both MDRs and interchange fees have declined only slightly over the past years. The [proposal](#) calls for a cap on the interchange fee of 0.6% for credit cards (down from a weighted average of about 1.35%) and 0.3% for debt cards (down from an average of about 0.45%).

Average MDR Evolution



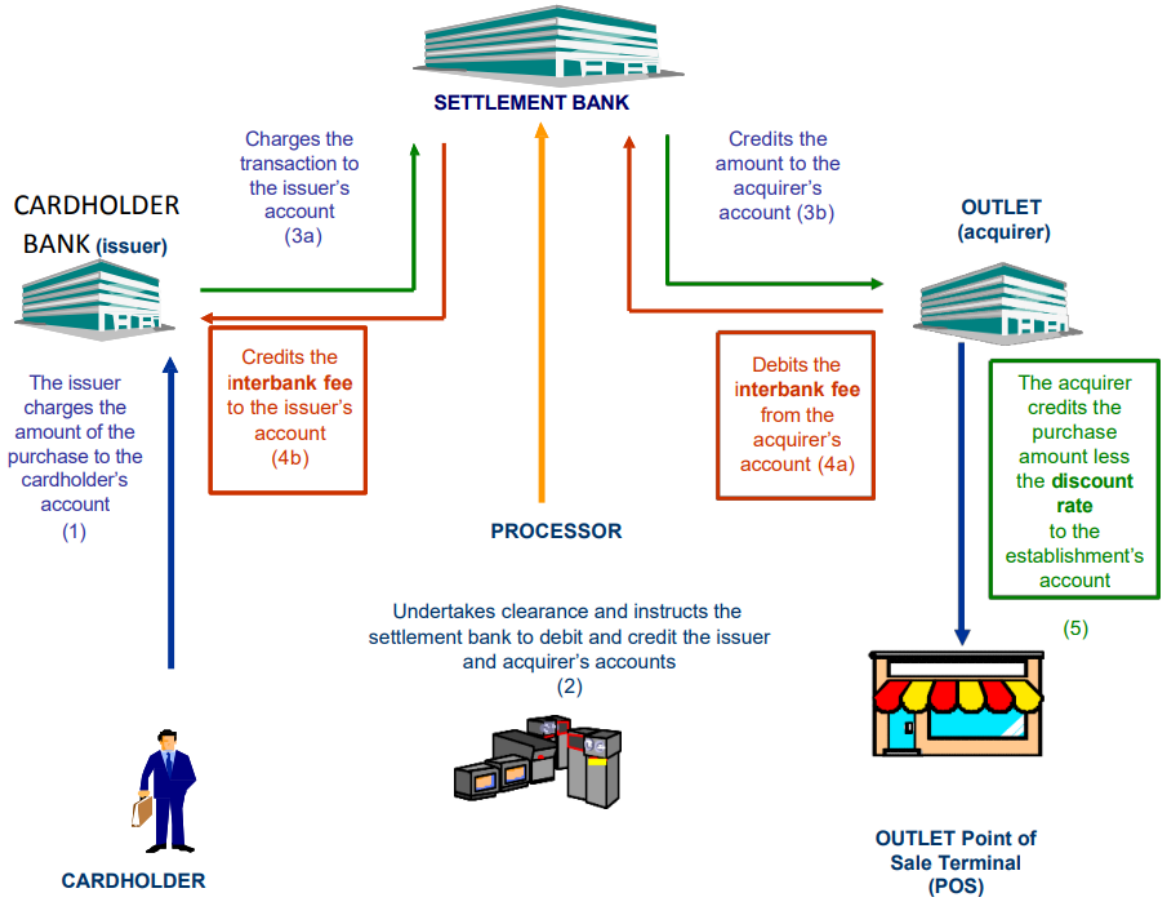
Average interchange fee evolution



Source: [Banxico](#). Figures in percentage points.

Merchants typically do not see a breakdown of the MDR. Besides the interchange fee, the MDR includes the acquirer's margin (about 0.6%), the network fee (Visa or Mastercard, about 0.1%) and the clearinghouse fee (about 0.1%). Below is a simplified diagram of a transaction with a debit card.

**Interbank transaction clearance and settlement process involving a bank card**



Source: [Banxico](#).

*How relevant are these fees?*

While at first glance the change might not seem as much, particularly in the context of rates above 100% charged on credit card balances, reported annual statements show the numbers add up: for the fintechs Nu, Stori and Klar, interchange fee income amounted to MXN 1,923 mn, 217 mn and 163 mn in 2024, respectively, comprising the bulk of their total fee income, and large part of revenues (see table). Any potential reduction in this line item would hurt their operating margins in the short term, even if longer-term they would be expected to adjust their business model to offset some of this.



## 2024 interchange fee income, as a percentage of select income statement items

	Nubank		Stori		Klar	
Interchange fee income	1,923	100%	218	100%	163	100%
Interest income	12,086	16%	1,836	12%	2,307	7%
Interest expense	10,139	19%	587	37%	1,219	13%
Financial margin	1,947	99%	1,249	17%	1,088	15%
Provisions	3,771	51%	1,000	22%	817	20%
Total fee income	3,187	60%	290	75%	197	83%
Total fee expenses	273	704%	1	43500%	6	2812%
Operating expenses	3,862	50%	1,354	16%	1,064	15%
Earnings (losses) before taxes	(3,013)	-64%	(891)	-24%	(438)	-37%

Source: Miranda Partners, Company audited financial statements. Figures in MXN mn.

In the case of the legacy banks, the disclosure is more limited (and not uniform as in the case of the three fintechs above, all regulated Sofipos). Market leader BBVA reported MXN 51.7 bn in [“fees from credit and debit cards”](#), while Banamex had MXN 19.6 bn in [“fees from credit operations”](#), without specifying what other fees might be included. These figures represented 35% and 50% of their earnings before taxes, respectively. Using round numbers for argument’s sake, if one assumes interchange fees are half of the reported fee income for BBVA, halving them would lower pre-tax income by about 10%, all else equal. Some Wall Street reports put the figure at around 7% of BBVA profits, still a huge number, although of course they will in all likelihood adjust their business model to offset this. Proportionately Banamex is even more affected, as the credit card business is a bigger part of total revenues and their overall profitability is much lower. That might be awkward as the new proposed large shareholder, Fernando Chico Pardo, seeks to close his deal to buy 25% if the bank with Citi. Could he ask for a price reduction based on a material change?

### *We don’t see an offset in lower interchange fees paid by the banks’ acquiring arms*

Several Wall Street sellside reports have noted the opportunity for banks to offset some of the impact by seeing a reduction in the interchange fees they pay as part of their merchant acquiring business. They argue that this measure will thus not meaningfully affect banks like Banorte which have roughly balanced Issuer and Acquiring card businesses. We do not share this view, for two related reasons. Firstly, the reduction would impact their *issuing* credit and debit card business, and while this business could recoup some of the foregone revenues through other adjustments, such as lower rewards, higher interest rates or annual fees, this business does not pay out any interchange – that is done by the *acquiring* arm, which is separate. However, we would expect acquirers to be required (formally or *de facto*) to pass through to merchants the reduction in interchange, even if the proposal, as it currently stands, does not in fact cap MDRs explicitly. In other words merchants would pay lower fees through lower MDRs, and this savings would be paid by all issuing banks, and acquiring banks would see no impact (so no offset).



### *Impact on fintechs versus incumbent banks*

As a proportion of current revenues, the measures impact card issuing fintechs to a greater degree than incumbent bank issuers, who have far more diversified revenue streams. But over time that might change. The fintechs are becoming banks (e.g., Nu, Plata) so will diversify revenue streams before long. Further, looking around the world, leading fintechs derive the majority of their revenue from credit spreads and service fees, not from interchange income. Traditional banks, by contrast, rely more heavily on interchange, particularly those focused on prime customers who generate lower interest margins. This dependency likely explains why BBVA, one of the largest incumbents, has emerged as a principal opponent of the reform within the banking association.

Ultimately, as in any business, the low-cost issuers will be the ones that are best able to withstand the impact of a reduction in fees. This will be driven by scale (big banks, only a few fintechs), low-cost technology (mostly fintechs), excellent risk models (data, and how to interpret it), and low customer acquisition costs (banks, maybe some fintechs). And as always, the capacity to evolve the business model in the face of new regulation and not resist the regulation once confirmed becomes the defining competitive advantage when the rules of the game are rewritten.

### *What about financial inclusion and business formality?*

The proposal states one of its goals is to drive financial inclusion and thus formality, by making it less expensive for merchants to accept credit cards. However, issuers argue that the incentive to issue cards to new customers will fall if the fees they generate comes down so that it is difficult to recover the costs of issuing cards from low transacting customers. Indeed, relatively high interchange fees have helped lead to an explosion of debit and credit cards in recent years, boosting financial inclusion. Plata alone has gone from zero to 2 million credit card customers in about two years.

The economics of issuing new cards, and bringing people into the financial system will thus change for the worse if the measures are implemented, goes the argument. Further while, every single merchant would prefer to pay less MDR, the opponents argue MDR reduction is an ineffective tool to drive card acceptance, financial inclusion and formality. The real deterrent for accepting cards is the 30% tax rate on profits and 16% on VAT those in the formal economy pay. Driving financial inclusion higher will require other (coercive) measures to get merchants to pay income and value-added tax.

Further, argue the opponents of the changes, mass-market customers will face fewer rewards; prime borrowers are likely to experience higher credit-card interest rates; and small merchants may face more expensive credit, as card-based lending loses part of its cross-subsidy from interchange. Both banks and fintechs will absorb part of the impact, yet they will ultimately seek to recoup lost income through higher fees, tighter credit policies, or reduced customer incentives to maintain consistent returns on capital. Thus, a measure designed to reduce merchant costs may inadvertently constrain access to credit, weaken payment infrastructure investment, and slow financial inclusion.

There will be less incentive to issue cards to the less well-off, (i.e., the financially excluded), and without more cards, there is less digitalization of the economy. Much better, say the banks and fintechs, if the government put caps and commissions on cash-outs of social transfers through Banco del Bienestar, the government's bank. If recipients of social programs were encouraged to spend their money via debit cards, then merchants would have incentives to accept cards, and formalization and



inclusion would benefit. Right now, it's almost the opposite. Bienestar does not charge for cash outs, losing lots of money on handling billions of pesos of cash. Money in the banking system is leaving the banking system, ironically subsidized and encouraged by the government.

In short, banks and fintechs argue on the one hand the government is pushing for measures that will likely reduce financial inclusion and formality. And on the other, they are avoiding implementing measures that would have a real and clear impact on inclusion and formality.

Brilliant technocrats making policy outside their expertise can make mistakes (“Man, proud man, dressed in a little brief authority, most ignorant of what he’s most assured” as Shakespeare put it). There is no doubt big Mexican banks are more profitable than their global peers, and credit penetration is far too low, all to the detriment of customers. Lack of competition and pro-incumbent (i.e., ABM-driven) regulation is a factor behind this. Change is undoubtedly desirable. Moving card fee regulation from the banks’ association with its vested interests to protect incumbents to the authorities is a big positive, and will likely be a first step in increasing the government’s oversight of the sector, to the detriment of the long-established (and oft-criticized) self-regulation that has benefited banks.

But while these measures contain many excellent pro-competition elements, we doubt the fee reduction is enough to encourage tax-avoiding merchants off the grid to become card accepters. And by changing the economics of card issuance, they might slow the pace of card penetration to lower income groups, and thus constrain credit to lower income groups. Some re-thinking might be required.

## **Looking beyond the headlines: is a new clearing house on the way?**

The new caps have (understandably) dominated the (admittedly few) headlines on the proposal, but we believe the administration’s goal goes further: by establishing explicit technical requirements on interoperability, a new entrant stops being a technical possibility and becomes an almost certainty. After all, antitrust authorities have over the years repeatedly pushed for greater competition in the sector, effectively a duopoly between Prosa and E-Global, which creates network access barriers and technical gatekeeping.

Some of the measures included in the proposal are:

- **New Licensing Frameworks:** Lower barriers for non-bank players to apply for and operate card schemes, subject to technical and prudential requirements.
- **Mandatory Network Access for New Entrants:** “Open routing” policy compelling dominant processors to connect new licensed networks.
- **Standardized Data-Sharing:** Acquirers, issuers, and switches required to offer standardized APIs for real-time transaction and routing data.
- **Transparent Fee Disclosure:** Obligatory public publication of MDR, interchange, and network pricing for all major merchant groups, including SME bundles and aggregator pricing.
- **Twice-annual Review:** Ongoing assessment by Banxico and the CNBV, with public comment periods structured to ensure industry buy-in.
- **Adoption Benchmarks:** Future tightening beyond the initial caps are specifically linked to adoption metrics—POS per capita, card acceptance among micro- and small businesses, and reductions in overall merchant costs.



## **Wider implications for other sectors**

While former President López Obrador would routinely pick fights with the private sector (with the rather notable exception of the financial sector, for the most part), we believe President Sheinbaum's self-described "technical" approach is noteworthy: going after segments of a highly regulated industry, seeking to benefit consumers by stepping up enforcement, with large, highly profitable companies picking up the tab.

Whether this is a one-off addressing a long controversial subject, or a "trial balloon" to test out the administration political capital against powerful vested interests, remains to be seen, but participants in other highly regulated industries should pay close attention to these developments.

*This is a special report prepared by Miranda Intelligence, the analysis division of Miranda Partners. Please reach out if you would like to discuss this further.*

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