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BENEFITS OF THE RETAIL PAYMENTS CARD MARKET: EVIDENCE FROM RUSSIAN MERCHANTS

Abstract:

This article evaluates merchants' benefits resulting from the participation in the retail payments market. Using surveys to obtain a representative sample of 800 traditional (offline) Russian merchants, the article finds significant, robust evidence in favor of positive merchant' benefits. This study further separates the benefits into direct and opportunity finding that the non-welfare improving regulatory initiatives might result from the failure to account opportunity benefits of merchants. This article also examines the factors affecting the level of merchants' benefits. Results show that factors affecting the value of benefits and the probability to accept payment cards differ. Findings imply that unbalanced intervention may be detrimental to the agents' welfare and propose a mechanism for ex-ante evaluation of the effect of shocks and interventions.

Keywords:

Retail payments; payment cards; merchant's acceptance; benefits; financial services.

JEL Classification: G21, E42, D53