Capital One x Discover

What the Debit Migration Means For Merchants

Thursday, September 25th, 2025

OPTIMIZED PAYMENTS

Zach Volpe

Recurring Payments Strategist

Evan Andersen

Payments Consultant

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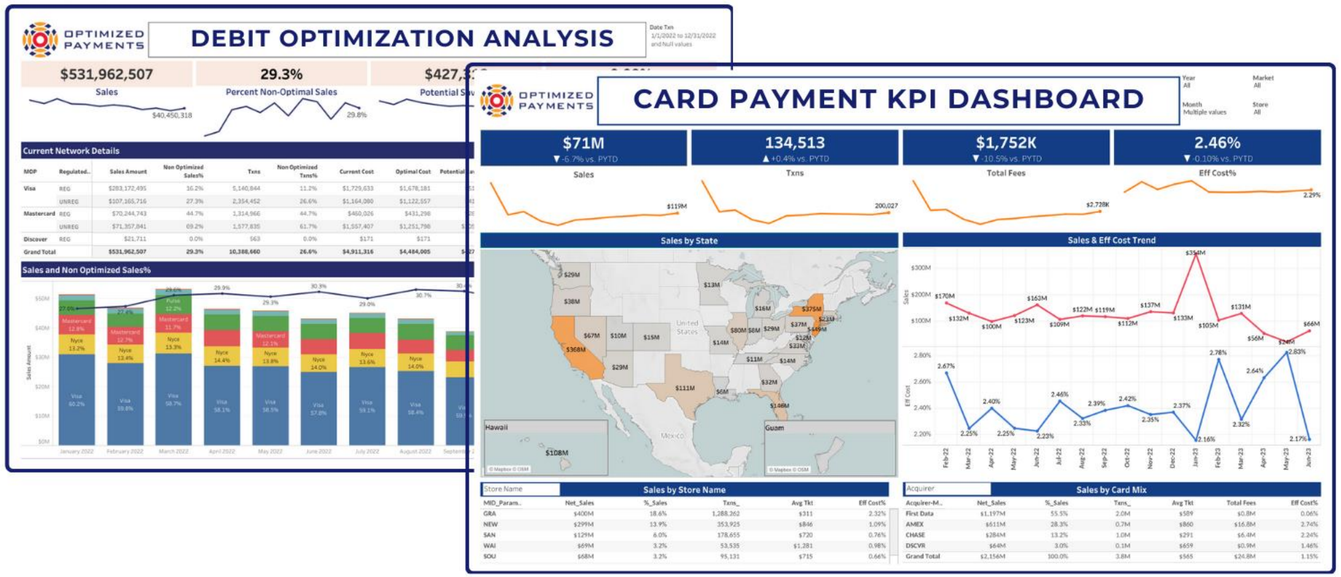
What We Do

Simplifying payments through automated analytics & expert insights



18+ Years

$1B+ SAVED in Card Processing Costs

700+ Engagements

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Background

- Capital One, a regulated bank under the Durbin Amendment, completed its acquisition of Discover in May 2025

- Discover operates as a closed-loop network, meaning it’s unregulated by the Durbin debit interchange caps

- Capital One, currently using the Mastercard network for its debit volume, has begun migrating this volume to Discover’s network, enabling them to charge merchants higher interchange rates

Interchange Rate Changes

Capital One's Durbin Amendment Regulated Debit Interchange Fees

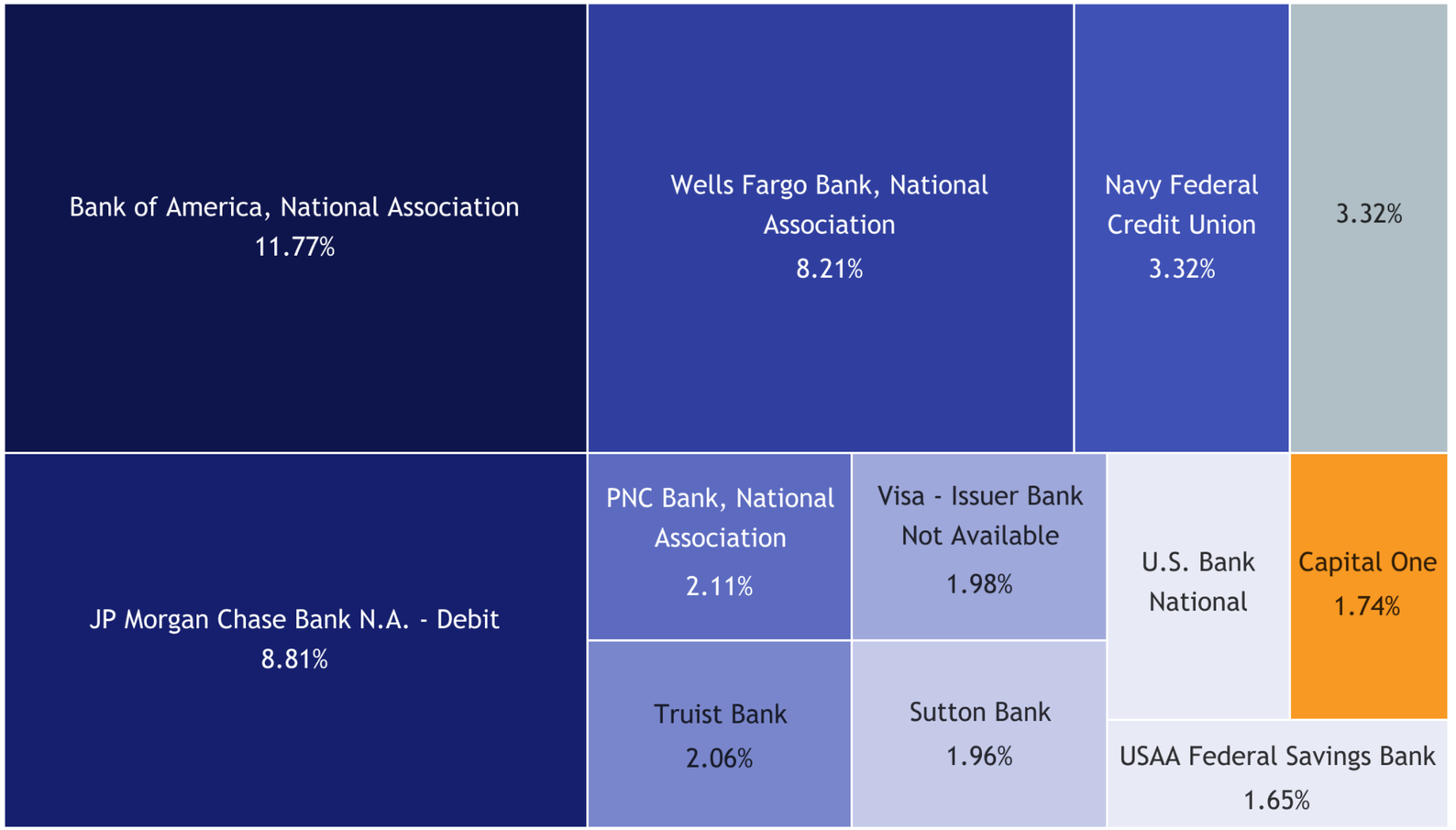
Rate %	Rate Per Item
0.05%	$0.22

Discover's Unregulated Debit Interchange Fees

	Rate %	Rate Per Item
Card Present	***1.10%***	$0.16
Recurring (MCCs 4814 and 4899)	***1.20%***	$0.05
Card Not Present	***1.75%***	$0.20
Downgrades	***1.90%***	$0.25

Capital One Debit Market Share by Issuer

- Capital One holds a small **debit volume market share of ~2%** across all issuers
- Comparatively, Capital One's credit volume market share is ~10%



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Trends We Are Seeing

- Capital One has currently **migrated > 400,000 debit cards** from Mastercard to Discover

- These changes have been concentrated in a few BINs for both issuers
  - **Capital One BINs decreasing:** 510805, 514745, 514759
  - **Discover BINs increasing:** 601141, 601144, 601146

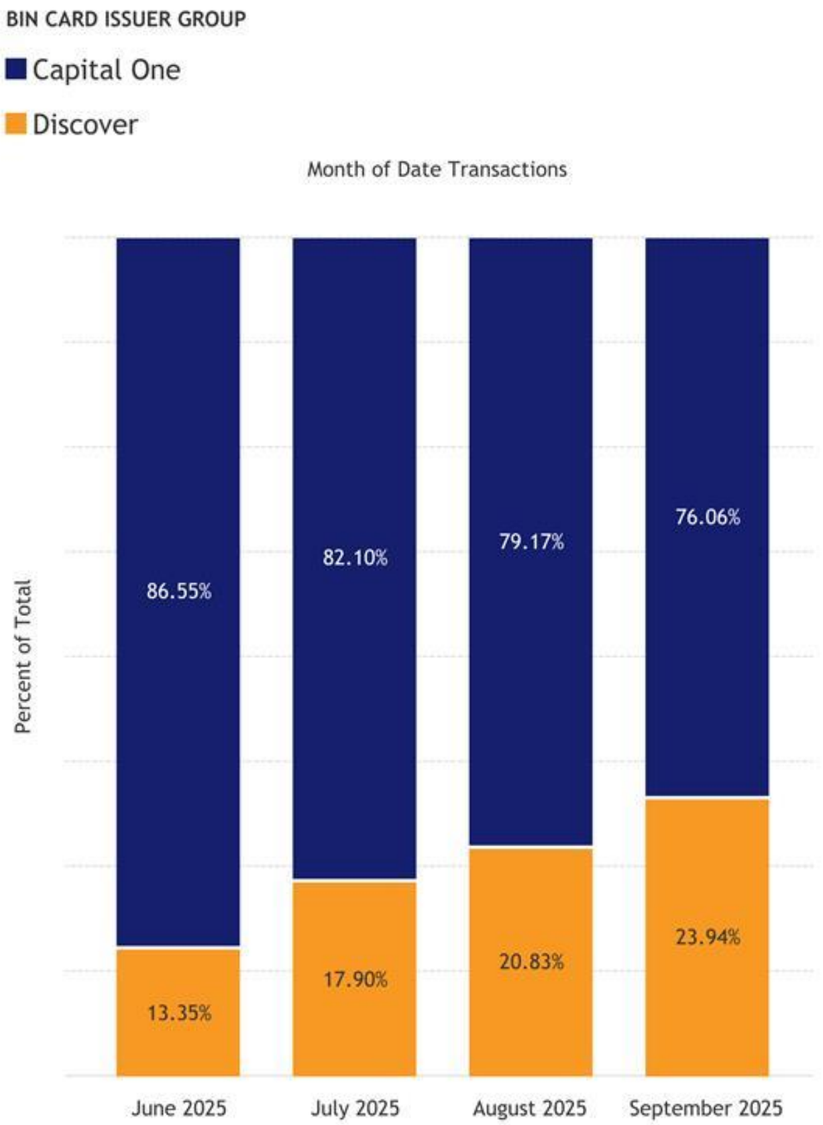
- Remaining ~10 million debit cards planned to be **moved by end of 2025**

- There is no evidence of the credit cohort moving over to Discover network yet, but expect credit migration after debit is completed

Shift in % of Total Capital One & Discover Debit Volume

~ 80%

growth in Discover debit volume in the last 3 months



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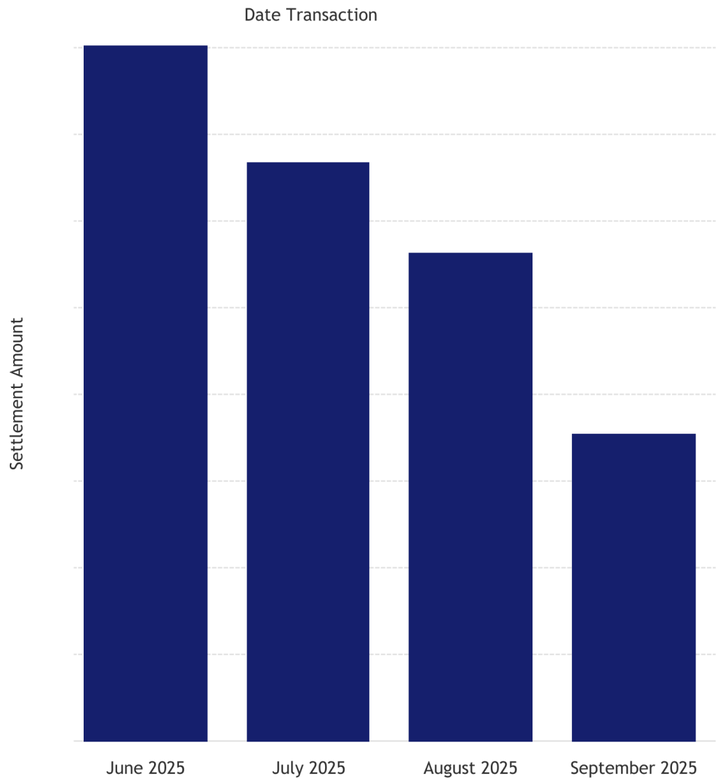
Examples of the Shift in Total Volume for Capital One and Discover BINs

BIN 514759

~ 30% DECREASE

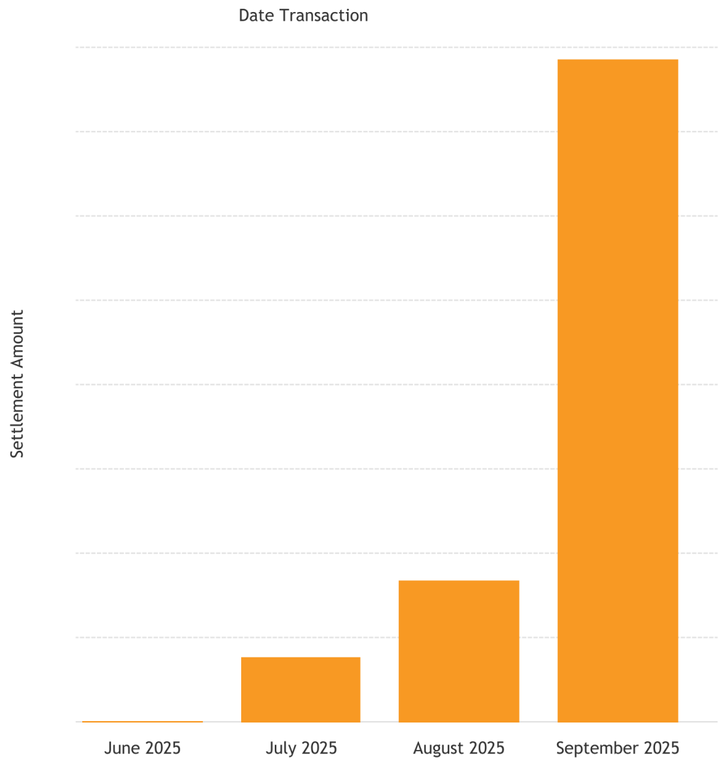
in volume from June to September 2025



BIN 601141

~ 1200% INCREASE

in volume from June to September 2025



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Merchant Implications

1. **Higher Effective Costs**
   - Assuming 70% of existing debit volume is regulated; by moving the 2% Capital One volume to Discover's unregulated rates, we estimate total debit effective cost to **rise by about 3-5 basis points**
   - For every $100M in debit sales, **annual increases in fees will be $50,000**

2. **Recurring Payments**
   - Account Updater
     - Mastercard account updater should feed Discover updates
   - Custom dunning/email campaigns
   - Moving forward – Ask about Discover Updater

Conclusion

- Be prepared for the **“big bang” migration** in the coming weeks, which will lead to higher interchange costs

- Least-cost routing (LCR) behavior: expect more transactions to default to Discover/PULSE PINless debit rails

- Monitor BIN intelligence frequently to identify new Discover BINs with rapid increases in volume and Capital One BINs losing the most volume

Q&A