

GAO Highlights

Highlights of [GAO-25-107298](#), a report to congressional requesters

Why GAO Did This Study

Federal entities accept payment cards from the public for postage, train travel, national park entry, and other payments. Entities also provide cards to employees for work-related purchases.

GAO was asked to review federal entities' acceptance and use of payment cards. This report examines (1) fees paid by selected federal entities to payment card companies in FY 2023; (2) these entities' efforts to reduce fees; and (3) the benefits of accepting and using payment cards.

GAO analyzed aggregated data on payment card fees from seven federal entities, selected because collectively they represent a substantial number of federal entities that accept cards and a range of card management practices and transaction volumes. The entities are Amtrak, Treasury's Bureau of the Fiscal Service, The Smithsonian Institution, U.S. Postal Service, Army and Air Force Exchange Service, Marine Corps Community Services, and Navy Exchange Service Command. GAO also conducted selected analysis of the Internal Revenue Service.

GAO reviewed industry documentation about payment card fees and other arrangements among selected federal entities and payment card companies, as well as documentation related to the General Services Administration SmartPay program. Additionally, GAO conducted a literature review and interviewed industry and subject matter experts and officials from the selected federal entities.

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PAYMENT CARDS

Costs and Benefits for Federal Entities

What GAO Found

More than 85 federal entities collected over \$43 billion from consumers who used credit, debit, or other payment cards for goods, services, and other payments in fiscal year (FY) 2023 (the most recent data available at the time of the review). The entities in turn paid about \$784 million in fees (\$1.06 on average per transaction) to card issuers, networks, and companies that facilitated the transactions. Fees paid amounted to 1.8 percent of revenue (which falls within the range of published industry estimates for U.S. merchants).

Acceptance of Payment Cards by Selected Federal Entities, Fiscal Year 2023

Entity	Transactions (millions)	Transaction revenues (\$ million)	Fees paid by entities (\$ million)
Treasury Bureau of the Fiscal Service	153	\$18,602	\$312
Other entities	590	\$25,001	\$472
Total	743	\$43,604	\$784

Source: GAO analysis of data from selected federal entities. | GAO-25-107298

Notes: Numbers may not sum to totals because of rounding. Bureau of the Fiscal Service manages payment card acceptance for an estimated 81 federal entities. Payment cards include credit, debit, and other types of cards, with associated fees paid to card issuers, card networks, and processing companies that facilitated the card transactions.

Transaction fees include an interchange fee set by card networks (e.g., Mastercard, Visa) and paid to the card issuers. Interchange fees accounted for nearly 90 percent of the fees selected entities paid in FY 2023. Network, processing, and other fees made up the remainder. The Department of the Treasury's Bureau of the Fiscal Service manages card payment acceptance and pays fees on behalf of an estimated 81 federal entities. In FY 2023, it paid about \$299 million in interchange and network fees and about \$13 million in processing and other fees. Other entities (e.g., Amtrak, U.S. Postal Service) maintain their own relationships with payment card companies and pay fees directly.

Federal entities have taken steps to reduce payment card costs. For example, five of the selected federal entities told GAO they reduced fees by meeting transaction volume thresholds. One entity limited the types of payment cards accepted for certain transactions, and another limited transaction amounts. However, two entities described challenges navigating complex network rules in their efforts to reduce fees. Additionally, two entities reported unsuccessful negotiations with card networks to lower interchange fees.

Federal entity officials said entities receive several benefits from accepting and using payment cards. For example, accepting cards helps reduce the administrative burden of handling cash and checks and enhance customer satisfaction by meeting consumer expectations for card payment options. Benefits of providing cards to employees for work-related purchases include lower administrative costs, such as those for cash advances, and closer tracking of employee spending to help prevent fraud. Also, payment cards provided through the GSA SmartPay program generate spending-based refunds, which totaled \$488 million in FY 2023 based on net eligible funds of \$37 billion spent.