INDUSTRY REPORT

Visa CEDP: State of the Industry

Marketplace and technical findings from the first year of Visa CEDP.



A joint report by:

VERISAVE

and

CANYON PAYMENTS

Contents

Summary

A Brief History of Visa CEDP

The Cost of CEDP

Independent Analysis

Voice of the Marketplace

Technical Findings

CEDP Solutions Support

Summary

Visa's Commercial Enhanced Data Program (CEDP) made a big splash when it was introduced in 2025, sending the processing industry into a semi-panic with rule updates that threatened existing rate discounts.

But while processing service vendors and third-party payments specialists recognized an urgent need to adapt to CEDP, the businesses who would be most affected by the program largely ignored it.

That's important. The US businesses that own merchant accounts, process credit card transactions, and pay a collective $198 billion per year for the ability to do so, largely took no action to prevent the rate increases CEDP would bring.

That isn't to say they didn't recognize some pain from the program's roll-out. But for many of them the cost increase was obscure or deprioritized. In many cases, the solution simply wasn't clear.

More than a year later, some of the dust has settled. This report sums up the effect CEDP has had on the processing industry and on businesses that process affected credit card transactions. It also highlights the front-line experiences of the payments specialists, like Verisave and Canyon Payments, actively helping businesses achieve CEDP compliance.



Background: a Short History of CEDP

Visa's CEDP, and the Level 2 and Level 3 rates it disrupted, exist as part of a larger effort by the processing industry to combat credit card fraud.

The costs of fraud are profound. An estimated $12 billion to $15 billion per year is lost to unauthorized transactions, and the total annual impact, including operational overhead, runs into the tens of billions.

Most credit card fraud results from transactions where the card is not present (CNP) and so one of the most effective ways to combat this is to gather legitimizing data during the transaction.

This includes CVV codes, cardholder Zip Codes, and, in the case of business transactions, purchase order and invoice numbers, item numbers, and more.

Level 2 and Level 3 processing rates are essentially discounts given to the merchant for gathering this data. If you gather the required data points, your business is rewarded in the form of lower interchange fees.

The problem: for years, many businesses were faking this data. Many businesses were inserting static or randomized numbers instead of the actual purchase order numbers, invoice numbers, etc.

Visa's CEDP was launched to close these loopholes, specifically within commercial transactions. It introduced new data requirements and layered machine-learning verification over those requirements, so static or fabricated data would no longer pass.





The result: businesses who were achieving the discounted Level 2 and Level 3 rates would no longer be able to achieve them without becoming compliant with CEDP standards.

Even businesses who gathered this data in good faith have found compliance difficult due to complexities within their payments stacks.

Ultimately, a program designed to reward businesses with interchange rate discounts has substantially increased the cost to process business or government credit cards.





CEDP Timeline

- April 2025: CEDP launches, 5bps participation fee begins
- October 2025: new Product 3 interchange rates take effect; validation begins
- January 2026: Small Business Product 3 rates rise 65bps; Level 2 for small business sunsets (Small Business Level 2 rates rose 75bps to Product 1 levels effective January 24, 2026)
- April 2026: Level 2 fully sunsets for Corporate/Purchasing cards; Fleet retained a Level 2 category



The Cost of CEDP

Baseline processing costs

Before adding CEDP into the picture, it's worth seeing the size of the baseline cost into which it was layered. U.S. businesses entered 2025 already paying record levels of card processing fees, with interchange as the dominant driver.

- U.S. merchants paid $198.25 billion in credit and debit card processing fees in 2025, a new annual record, per the Merchant Payments Coalition (citing Nilson Report), up from $62.1B in 2009. (Motley Fool)

- Interchange fees alone made up an estimated $130 to 145 billion of that total. (Corepay)

- Banks collected nearly $66 billion in interchange revenue in 2025, up from $64B in 2024 and $52B in 2021, now roughly 11% of noninterest bank income, up from 9% in 2021. (St. Louis Fed)

Note: the last two bullet points seem to conflict. As all interchange is collected by the banks, those two numbers should match. The reason for the discrepancy: the St. Louis Fed numbers in the last bullet point are based on interchange revenue reported by the banks only, and leaves out any interchange revenue that may not have been specifically classified as such. Read the $130 to 145 billion figure as an estimate range, not a directly verifiable total, since reporting requirements do not capture every interchange dollar the same way.

CEDP direct cost

Visa's CEDP added directly to these existing fee levels in the following ways.

- CEDP added a new 5 basis point participation fee on all Level 2/3 volume, effective April 2025, a pass-through cost for IC+ and IC++ merchants regardless of verification status.

- Verified Product 3 rates were originally framed as an additional 15 bps decrease, which still holds true for purchasing/corporate cards, but by January 2026, Visa reversed course for small businesses: verified Product 3 rates rose 65 basis points from their October 2025 levels.

- Small business Level 2 interchange sunset as of January 24, 2026, effectively increasing by 75 basis points in addition to the 5 basis point CEDP participation fee, described by Redbridge as making Level 2 "more expensive than sending no enhanced data at all." (Redbridge)

Non-Compliance Penalty

- Non-compliant or unverified transactions were estimated in industry commentary, before validation began, to face a 40% increase in transaction fees once Visa's internal validation began in October 2025. (Digital Transactions)

- Concrete example (Corporate/Purchasing illustration, before the 5bp CEDP participation fee): a $500 commercial transaction that qualifies for Product 3 costs approximately $8.85 (1.75% + $0.10), but downgraded to a non-compliant rate, that same transaction can cost $13.60, a 54% increase. Including the 5bp participation fee, the verified cost is $9.10.

- Verified vs. non-verified spread, by card family: Corporate/Purchasing verified Product 3 at 1.75% + $0.10, non-qualifying at a flat 2.70% + $0.10; Small Business verified Product 3 at 2.40% to 2.75% (post Jan '26 hike), non-verified at 2.65% to 3.00% (Product 1 range), not accounting for the 5bp CEDP fee.

- Sector-specific example: utilities that fail to pass enhanced data face a 1.0% to 1.5% rise in effective interchange on commercial volume as Level 2 sunsets. (IntelliPay)

Rates before and after CEDP

Basis-point figures are easier to conceptualize when translated into the actual rate schedules Visa published. The picture is uneven. Small business cards got substantially more expensive.

And while corporate and purchasing cards got modestly cheaper under CEDP, which in some cases was touted as a benefit of the program, this is only true where compliance can be achieved.

Card / Program	Pre-CEDP Rate	Post-CEDP Rate (Verified)	Rate if Non-Compliant
Corporate Non-Travel	1.90% + $0.10	1.75% + $0.10	2.70% + $0.10
Purchasing Non-Travel	1.90% + $0.10	1.75% + $0.10	2.70% + $0.10
Commercial Fuel	1.90% + $0.10	1.75% + $0.10	2.70% + $0.10
Corporate/Purchasing Large Ticket	1.45% + $35	1.30% + $35	2.70% + $0.10
Small Business Product 3	1.75% to 2.10% (Oct '25 rate, pre-hike)	2.40% to 2.75% (post Jan '26 hike)	2.65% to 3.00%
Small Business Level 2 (retired January 2026)	1.90% to 2.25%	2.65% to 3.00%	2.65% to 3.00%



Independent Analysis

Verisave's own independent analysis offers a rare direct measurement: across 180 merchant accounts analyzed in a single month, 168 (93 percent) missed CEDP discounts, to the tune of over $800k per month in tracked savings lost. Only 7% achieved the CEDP savings.

While this sample isn't nationally representative, it's a real, audited measurement of exactly the dynamic the industry press has only described in general terms, and it suggests that for the broader population of US businesses without dedicated monitoring, the true cost of CEDP-related missed savings likely runs high into the hundreds of millions of dollars annually.



Voice of the Marketplace

Considering the significant increase in costs, it's hard to imagine why any business would not immediately place a high priority on achieving and maintaining CEDP compliance. But the reality is more complicated than that.

Why some businesses do not pursue compliance

- Industry commentary seemed to indicate as early as October 2025 that "many merchants are still unfamiliar with CEDP or misunderstand how it works," with those who delayed preparation risking a scramble once downgrades began. (Digital Transactions)

- Compliance complexity increased sharply: the old Level 2 program required just two extra data fields (sales tax, invoice number); CEDP's Product 3 requires numerous line-item fields, with Visa's ML-based verification continuously monitoring the accuracy of the data, meaning compliance is no longer a one-time task. (Redbridge)

- Even prepared businesses may not fully recover prior rates: Redbridge notes that Small Business Product 3 rates are structured high enough that "even merchants who successfully send Level 3 data cannot fully recover the rates they previously enjoyed."

- For many businesses the project feels astronomical: too many changes to existing systems, difficult integrations, rigid ERP structures, and in many cases a need for time-consuming or prohibitive manual entry

For some, the chaotic roll-out of CEDP has led to a sense that the issue is far from settled and the issue may self-correct in time.



But the result isn't always inaction. As the extra costs pile in, and the complexities of resolving these costs seem insurmountable, some businesses turn to surcharging.

Once a fringe option, surcharging has grown to 34% adoption among small businesses as of 2024 (JD Power, via PaymentsDive).

While no data exists to show the effects of CEDP on surcharging adoption, one Verisave client who had seen a loss of nearly $500k per month due to CEDP cited Visa's program as the main driver behind their own implementation of credit card surcharging.

When it comes to surcharging, it's important to note that if a company is not successfully achieving Visa's CEDP P3 rates, it is likely their overall effective rate ends up above 3%, and card brand surcharging rules prevent a company from surcharging more than 3%. So the lack of CEDP compliance can prevent a company's surcharging program from truly recouping processing costs.





Why some businesses are addressing CEDP actively

While a great many finance teams have been unable to build an operational path to CEDP compliance, or simply haven't been able to prioritize it, an increasing number of businesses have recognized the need to pursue compliance and have enlisted CEDP experts to do so.

For many of them, it was simply a matter of sizing up the challenge, making a plan, connecting with outside expertise, and putting the plan into action.

Verisave and Canyon Payments have assisted numerous clients in making this happen, and through the course of that have identified some of the common, as well as unsuspected, challenges in achieving CEDP compliance.

The division of labor is straightforward: Verisave audits statements and identifies the savings, while Canyon Payments performs the payload-level engineering and gives developers the remediation blueprint.

Below are some of those findings:



Technical Learnings

This section summarizes the technical findings and key learnings from the joint Level 3 and Commercial Enhanced Data Program (CEDP) optimization work performed by Canyon Payments and Verisave. To date, our technical team has provided deep-dive payload analysis and strategic consulting for seven clients, five of which are profiled below. By identifying structural data gaps, API mapping errors, and mathematical discrepancies, our joint effort successfully provides merchants with actionable technical solutions to unlock lower interchange rates.

Common Technical Hurdles (Why Merchants Fail to Qualify)

Based on our analysis, merchants commonly miss CEDP qualification due to recurring technical and structural issues:

- Mathematical Reconciliation Failures: Visa strictly requires the final settled transaction amount to perfectly equal the sum of all line items, tax, and freight. If the merchant's gateway layout lacks a dedicated freight or shipping field, these extra charges create a mathematical mismatch, leading to an automatic downgrade.

- Missing or Invalid Commodity Codes: Visa requires numeric (UNSPSC-style) commodity codes. Merchants often send descriptive text (e.g., "AUTO ACCESSO") instead. Additionally, merchants frequently fail to include the required 8-digit order-level Summary Commodity Code.

- Gateway and Settlement Misalignment: Even when merchants capture Level 3 data during the initial authorization, they often fail to pass those required parameters during the final "submit for settlement" API call.



- Line Item Truncation: Many merchants send only a single line item for multi-item orders. CEDP mandates that every individual line of an order is transmitted.

- Address Verification System (AVS) Gaps: A full AVS match is sometimes associated in engagement work with qualification, though AVS is a CPS qualification element rather than a Product 3 data-quality requirement. Merchants sometimes hesitate to require full billing addresses from their buyers due to fears of cart abandonment, which results in data linkage gaps.

Client-Specific Use Cases and Findings

Ad Specialties Company

- Finding: Identified major structural data issues across 1,728 transaction records and 1,088 line items.

- Details: The client was using non-numeric descriptive text for commodity codes (0% numeric) and leaving summary commodity codes completely blank. Furthermore, they were only transmitting a single line item per order, and the Group III version flag was entirely blank (meaning the Level 3 packet was not being transmitted at settlement). Because their system lacked a separate freight field, their order totals failed to reconcile with the line items plus tax.

- Action: Canyon Payments and Verisave provided a detailed, color-coded remediation file highlighting hard CEDP disqualifiers versus data-quality risks, alongside strategic guidance to model shipping as its own line item to fix the reconciliation.





Automotive Parts Platform

- Finding: API configuration errors on the Braintree platform were preventing Level 3 qualification.

- Details: While the merchant successfully captured customer billing and shipping data, their 'submit for settlement' calls completely lacked all Level 3 requirements, including shipping amount, discount amount, tax-exempt status, and line item details.

- Action: Canyon Payments and Verisave advised pulling the client's internal request logs (rather than relying solely on Braintree's server logs) to pinpoint exactly where the data was dropping off between the merchant's internal systems and the Braintree API.

Medical Lab

- Finding: High volume of Visa CEDP error codes, specifically CS-0011 and TC50-1004.

- Details: Our technical analysis revealed critical mathematical discrepancies. The total Source Amount did not match the aggregated values of the line items, taxes, shipping, and discounts. Furthermore, individual Line Item Totals were not calculating correctly based on the formula of unit cost multiplied by quantity minus discounts.

- Action: Canyon Payments provided a detailed mapping of their errors against actual transaction records, and Verisave walked their IT team through the process of fixing the broken fields.





Dental Supply Company

- Finding: Missing attributes in the transaction payload were preventing CEDP qualification.
- Details: Conducted a comprehensive payload review and compared their current data flows against CEDP standards. We identified precisely which fields were missing to unlock qualification.
- Action: The detailed findings allowed Verisave to guide their IT staff through the necessary data flow adjustments.

Supply Chain Company

- Canyon Payments and Verisave mapped current payload fields to Level 2 and 3 requirements, identifying necessary key names and gaps to align with current CEDP standards.
- Canyon Payments and Verisave cross-referenced Visa error responses directly against actual transaction payloads to reveal the root causes of their failures.





CEDP Solutions Support

For finance teams that don't know where to start with Visa CEDP compliance, Verisave and Canyon Payments can help.

By leveraging Verisave's ability to identify the savings, alongside Canyon Payments' payload-level engineering, we can help merchants uncover hidden processing costs and provide their developers with the exact technical blueprints needed to achieve CEDP compliance.

Contact Verisave to get started with a free CEDP qualification assessment.



About the Firms

Verisave

Verisave audits merchant statements and identifies processing savings, including CEDP-related missed discounts, and implements payments optimization measures to reduce overall processing costs and improve payments efficiencies. Its independent analysis of 180 merchant accounts found 168 missing CEDP discounts, worth over $800,000 per month in tracked savings.

Canyon Payments

Canyon Payments is a payments services and integration partner. It performs payload-level engineering and gives developers the remediation blueprints for CEDP compliance, and it is listed as a Certified Visa Acceptance Partner.