

Press Release



Capital One's Acquisition of Discover Could Inject Competition Into Payments Market

PAULINA ENCK | FEBRUARY 29, 2024

Capital One recently announced it would acquire Discover Financial Services in a \$35 billion all-stock deal. In a new insight, Competition Economics Analyst Fred Ashton discusses the business operations of Capital One and Discover, examines the state of the credit card market, and considers the potential economic and competitive effects of this merger.

Key points:

- Capital One's acquisition of Discover Financial Services would join two of the largest credit card issuers into a single payment system firm that could inject competition to the payments network market.
- The deal's announcement comes as federal banking regulators and the Department of Justice have warned banks of a more stringent and slower merger review process; it was also immediately met with criticism from some in Congress that the merger would further consolidation in the banking industry.
- While the deal would, in fact, create a bigger bank, the more important effect would be the likely creation of a viable alternative to Visa and Mastercard's prominence in the payments network market that could yield more favorable terms to merchants while expanding access to Discover's network.

[Read the analysis](#)