

US Adult Videogame Industry Complaint Regarding Anti-Competitive Actions of VISA, MasterCard, PayPal, and AMEX

September 15, 2025

Dear US Federal Trade Commission,

I am writing to you as a US business owner in the Adult Videogame Industry to represent the significant struggles my business (and many others) have faced accepting payments for legally permitted creative expression. In addition to my own viewpoint, I have also been in close communication with many other game developers in this space. We feel we have been unfairly discriminated against by Visa, MasterCard, AMEX, PayPal, and other key parties in the payments industry.

Even after President Trump’s executive order on debanking, we have continued to face struggles working with the payments industry and opening merchant accounts at banking institutions. In some cases, acquiring banks appeared to change their policies to become *more* restrictive after the executive order was issued. These institutions are not classifying our businesses based on actual risk, but instead colluding to charge predatory fees or outright blocking our businesses entirely. In no cases has requesting a risk-based review in line with the EO been effective in our experiences.

The payment networks’ anti-competitive actions have resulted in the suppression of legal free speech and **improperly inflated transaction fees** that consumers are forced to pay without their knowledge. There is insufficient competition in the payments marketplace to resolve these issues without government intervention.

Visa and MasterCard continue to exert undue pressure on underwriters to either decline our accounts or apply fee rates that are inappropriately high relative to the actual low risk incurred.

In this letter, we will detail our concerns and our requested remediation.

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Merchant category code determinations are unfair

The payment networks revolve heavily around Merchant Category Codes which determine what sorts of fees should apply to the goods and services a merchant sells via their respective card networks.

Some of these merchant category codes come with onerous additional requirements and fees under Visa's VIRP program and MasterCard's BRAM program. Visa describes as follows in their guidelines:

1.1.1 High Integrity Risk Merchant – Tier 1

High Integrity Risk Merchants designated as "Tier 1" are those that operate businesses where there is a higher risk of illegal activity occurring without proper controls and that potential illegal activity could—either directly or by association—cause significant harm to the health, safety and/ or wellbeing of individuals.

The following card-absent business types are classified as High Integrity Risk Merchant – Tier 1:

- Adult Content – MCC 5967
- Dating and Escort Services – MCC 7273
- Gambling – MCC 7995
- Pharmacies – MCC 5122, 5912

Many payment solution providers (PSPs) have wanted to categorize adult videogames in this MCC 5967, despite the fact that our risk profile is much more similar to regular games than to the risks described above. To categorize a videogame as representing an elevated risk of illegal activity or significant harm to health is inappropriate. There is simply not scientific data to back up either of these claims, especially considering adult games do not consist of real-life performers, but instead of artwork, animation and writing. The mere presence of illustrated nudity or erotic text is not sufficient to justify such concerns, especially when weighed against the free speech implications.

Sometimes there is a misperception of elevated chargeback risk related to adult, but this is also false. Here are some industry chargeback rates from the website Chargeback.io:

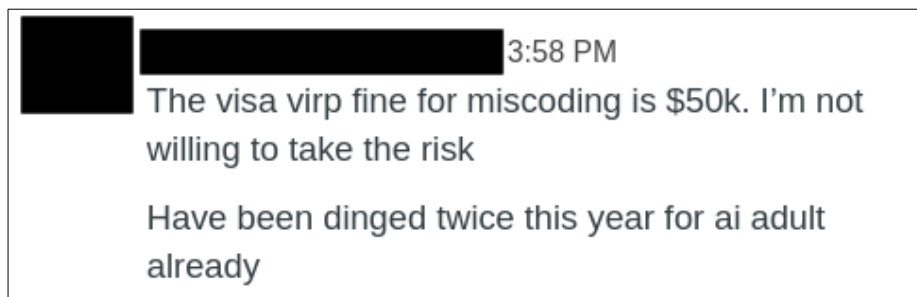
- Keep your chargeback rate under 0.65% to avoid penalties.
- The travel industry averages between 0.89% and 1.10%.
- The restaurant industry averages 0.12%.

My own chargeback rate is currently 0.08%, which is widely considered a good chargeback rate. With ten years of product sales history, my current chargeback rate and good personal credit, there is no reason I should have trouble finding a merchant account at a fair rate. And yet, I have spent multiple months, spoken to well over 50 businesses in the space, and have struggled to find quality offerings from reputable PSPs at fair pricing. There is simply not an option which does not also charge predatory fees.

Essentially, most merchants in the adult games industry should not be considered "high risk," yet Visa/MasterCard have created systems that frequently result in miscategorization for their financial benefit.

VIRP/BRAM unfairly pressures towards high-risk codes

We have spoken to multiple underwriters & PSPs who recognize that given our low chargeback rate, good processing history, and lack of any human performers should qualify us for a low-risk rate – but they are afraid to classify us with the low risk gaming code due to worries of being hit with a \$50,000 fee from the card networks. Here is one such conversation:



Visa/MasterCard’s systems encourage underwriters & PSPs to classify adult video games under the high-risk merchant category code 5967 instead of the low risk gaming merchant category code 5816. It is my belief this is intentional in order to rake in higher fees.

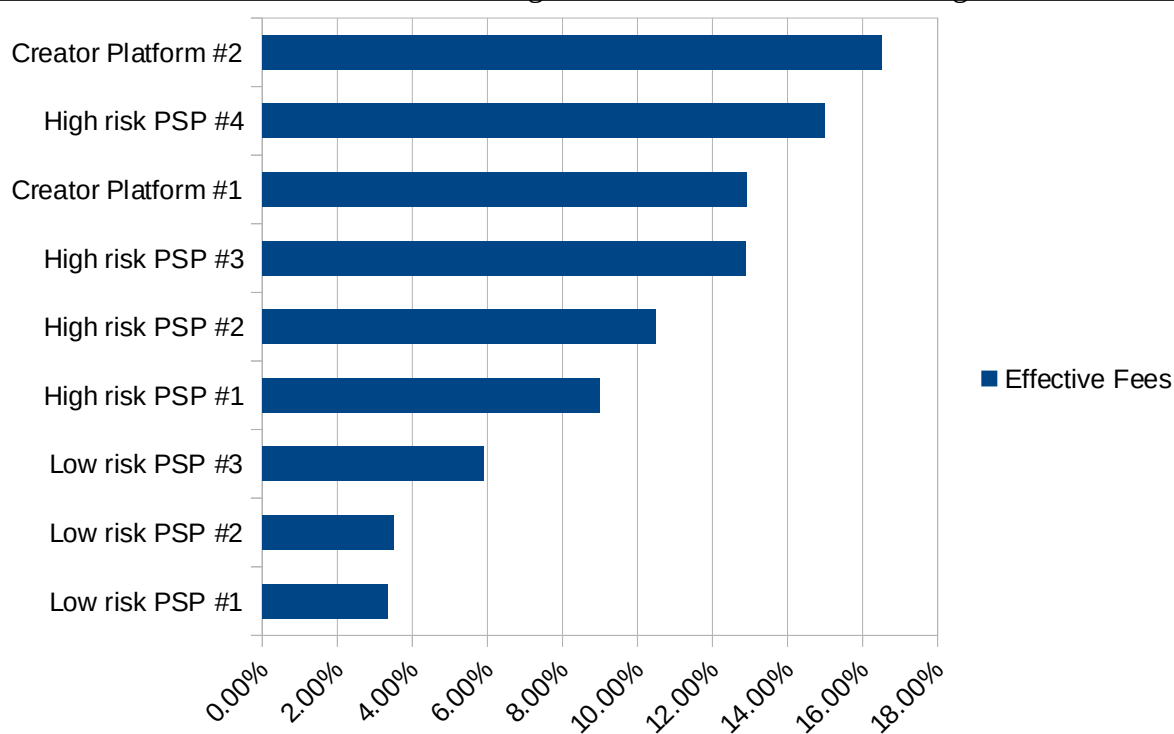
Visa/MasterCard financially benefit from miscategorization

For classifying a game in the adult category Visa/MasterCard are able to charge an annual payment of \$950 (Visa) and \$500 (MasterCard). These annual fees represent a significant barrier to market entry for new developers, who are often sole proprietors creating games by themselves or with a few friends.

In addition, VIRP levies per-transaction fees of \$0.10, which is a significant increase for small ticket sizes such as common in our industry. On top of that, VIRP reduces the number of acquiring banks a 5967 code merchant can work with to only being able to seek payment through specialized “high risk” accounts, which charge tremendously high fees and whose payment processors tend to have lower ratings on Trustpilot and at the BBB. This limitation of competition is very damaging to established studios, who end up paying thousands of dollars extra in needless transaction fees.

We have conducted a study of many top payment solution providers rates, factoring in the annual and per-transaction VIRP fees:

Effective total fee rate for a merchant doing \$10k/month volume with average \$10 transactions



Provider	Effective Fees	Fees/yr	Notes / Category
Low risk PSP #1	3.35%	\$4,017	Lesser known low-risk payment provider
Low risk PSP #2	3.50%	\$4,194	Lesser known low-risk payment provider
Low risk PSP #3	5.90%	\$7,080	Major well-known low-risk payment provider
High risk PSP #1	9.01%	\$10,810	Lesser known high risk payment provider
High risk PSP #2	10.48%	\$12,580	High risk provider with additional content restrictions
High risk PSP #3	12.88%	\$15,460	Well known traditional adult merchant account provider
Creator Platform #1	12.90%	\$15,480	Lesser known creator platform
High risk PSP #4	14.98%	\$17,980	Traditional, well-known adult merchant account provider
Creator Platform #2	16.50%	\$19,800	Well known creator platform

As you can see, it is quite undesirable to use a high-risk provider based on the higher fees they charge. We feel confident that we *should* be able to qualify for these low risk programs based on our actual risk profiles, but have been excluded from them based on their policies. For a small business doing ~\$10k/month, this represents at *least* damages of \$6,793/year in additional expenses due to anti-competitive actions – and more likely \$15,783/year due to merchants typically choosing creator platform #2 to avoid the heavy VIRP annual fees and frequent rejections at direct merchant account providers. We are grateful that platforms such as Creator Platform #2 exist, but this still does not excuse the anti-competitive actions of the payment networks.

Having to use the high risk or creator platforms means **US consumers are forced to pay higher fees whenever they purchase adult videogames. These fees are not based on higher chargebacks, but the lack of sufficient competition the card network policies have created.**

For example, a consumer purchasing a game on Creator Platform #2 may be paying as much as \$1.65 in fees on a \$10 purchase. If the developer were able to qualify for a low risk merchant account at a fair fee structure, the consumer could be paying as little as \$0.34.

Given adult games pulls in a minimum of \$2.2MM per month on Creator Platform #2 based on public data scraping (not including projects which do not publicly show their earnings, which is likely to be significantly higher), and the majority of adult game creators could save between 8.15%~13.15% in fees through low-risk direct merchant accounts if they were readily available, **US consumers of adult videogames are in my opinion being fleeced for at least \$2.6 million dollars each year through the anti-competitive actions of the entrenched payment industry.** It is likely this number is much higher as other platforms do not provide publicly available data.

Anti-competitive threats of blacklisting further inflate fees

Some payment processors use the merchant category codes as an intimidation tactic to justify their much higher fees. One prominent high risk PSP has stated to us that finding an underwriter that is agreeing with us that we should be coded as low-risk based on our historical good merchant records could result in significant financial penalties and blacklisting:

“if a bank is willing to miss-code you... and an audit happens... it could/will lead to termination, fines, and placed on the MATCH list (cc processing blacklist)”

“please be careful with any processor who is willing to miss code... that is your personal credit on the line”

-- C-Level Executive of a well known high risk payment processor (ellipsis are their own)

While this is an independent payment processor making these threats trying to try to justify their inflated prices, it is Visa/Mastercard that have created this situation both from A) a system that incentivizes banks to categorize using the most stringent category instead of the most relevant category, and B) the creation & maintenance of a MATCH merchant blacklist that is used to scare

merchants into paying higher than necessary fees. It is devastating to a business to be placed on this blacklist, and virtually impossible to get off it without waiting for many years for it to expire. Merchants do not have a reasonable independent process to contest their inclusion. (You have to appeal to the same PSP who placed you on MATCH, and may not even be informed you are added to it.) Its mere existence represents an unreasonable risk that the payment processors are clearly willing to bandy about for their own financial gain.

Anti-competitive blocking of direct-to-user sales inflates fees

AMEX and PayPal block adult game developers entirely from their respective platforms. Given the widespread use of PayPal among American consumers on e-commerce, being blocked from this network is onerous.

And yet, PayPal in particular is known to have special deals with certain very large platforms and processors that allows those platforms to carry adult games, even though directly working with PayPal is forbidden. While it is nice to be able to use PayPal at all, this does mean the game developer is forced to work through an additional middleman company leading to even *higher* fees (see “creator platform #2” in the chart, and also not pictured, a major gaming platform that charges 30%). Consumers indirectly pay these inflated fees, instead of developers being able to directly sell to their fans.

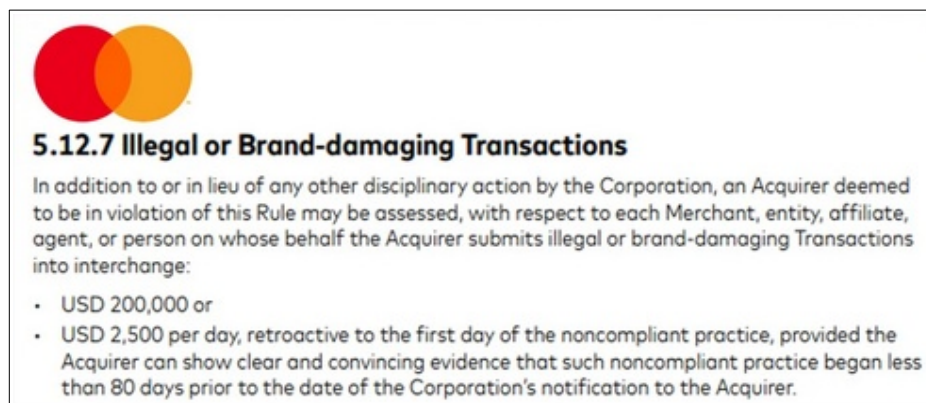
Censorship via massive arbitrary punishment fees

We are also struggling significantly with freedom of speech issues. In some cases, developers have been unable to sell games that contain legal content but are prohibited or frowned upon by various acquiring banks or card networks.

I have been declined from many banks due to the content in my game being in the “Furry” fandom, and while I understand it is not to everyone’s taste, at the end of the day it is legal fictional fantasy. The card networks and acquiring banks should not be making subjective decisions about what legal entertainment is acceptable for adult Americans to consume. They are publicly claiming they do not censor legal fictional content, but privately they still have vague guidelines that make acquiring banks refuse to work with us.

My experiences are like those of other developers in their respective fandoms. Many of us have faced undue debanking, with our freedom of speech impinged upon.

This is instigated by the threat of unnecessarily large fees from the card networks:



The criteria is the too vague and amorphous “brand-damaging,” which can mean pretty much whatever the card network decides it means to suit their purposes.

The card networks find it financially advantageous to censor, given they will make more money (\$200,000) from the acquiring bank than they will on interchange fees from a small merchant. Any PR backlash from consumers is inconsequential, since consumers can not take their business to another card network that openly supports adult gaming.

And **the acquiring banks are incentivized to censor** since they aren't willing to face such risk and know that small merchants can't afford such ridiculous fees themselves.

Lack of commercially viable alternative payment methods

In a free market, other payment options would be available to fill the need for payments in this industry. However, Visa and MasterCard's duopoly prevent new entrants into the space.

If there were another viable method for electronic payments, we would use it – but US consumers do not trust paying with bank accounts online, nor are they confident with cryptocurrency. Credit/Debit cards & PayPal have captured the entire consumer e-commerce market, and it being difficult to access these networks shuts out adult game developers from their US customers.

This has culminated in events such as major gaming platforms removing many adult game projects from their platforms who they deemed prohibited by the card networks and acquiring banks. Some of these studios may be able to open direct merchant accounts (at prohibitively high fees), but some will be rejected due to content reasons, or do not have the volume to justify the annual VIRP fees and will simply be unable to sell their games to consumers at all. There is simply no commercially viable way to sell our goods outside the established card networks and acquiring banks.

We are asking the FTC for help

Adult game developers are much too small to have meaningful impact on the massive card networks. Our fans (and free speech advocates alike) have tried calling the card networks, as well as there being a large petition¹ to stop payment network censorship with 258,227 signatures at this time at Change.org.

Though we did succeed in getting a vague statement from Visa/MasterCard, that has not yet translated into any actual action. No actual policy updates or clarifications have been made from the networks to the acquiring banks to our knowledge.

Thus, we plead for help from the Federal Trade Commission to step in. Here are some things the FTC could do:

1 <https://www.change.org/p/tell-mastercard-visa-activist-groups-stop-controlling-what-we-can-watch-read-or-play>

1. Require the payment industry (Visa, MasterCard, AMEX, PayPal) to approach adult game companies with an individualized risk assessment based on their actual processing history, in line with President Trump's executive order on debanking.
 - a) For Visa & MasterCard, this means adult games should not be forced to use "high risk" processing, as there is no actual high risk to the consumer or underwriting organization.
 - b) For AMEX & PayPal, they should not be blocking adult games or other fictional adult content, particularly given evidence showing good merchant history on other platforms.
2. Prevent the payment networks from discriminating against any legal fictional content by enforcing First Amendment protections onto the duopoly payment networks. They should be regulated as a "common carrier" or essential utility that is neutral to the speech carried.
3. Require the payment industry to formally classify adult gaming in low-risk category codes, in line with actual data.
4. Require the payment industry to clarify their policy to underwriters and acquiring banks via updated policy documentation that they do not request the censorship of fictional content.
5. Require the payment industry to end or reform the MATCH blacklist.
 - a) Merchants should be promptly informed when they are placed on the MATCH blacklist.
 - b) Merchants should have a reasonable, cost-effective path to challenge inappropriate blacklisting with an independent and neutral oversight body.
 - c) Strong government penalties should be issued in cases where the MATCH blacklist is improperly used by networks, PSPs or acquiring banks.
 - d) Any provision in a merchant contract that waives liability for being added to the MATCH blacklist should be ruled unenforceable. Access to the payment network is too important to let the blacklisting organization avoid consequences for doing so improperly.
6. Require Visa & MasterCard to end the VIRP / BRAM programs which add unnecessary fees that consumers have no choice but to pay due to a lack of competition in payment methods and are unfairly limiting which acquiring banks they can do business with, thus stifling competition.
7. Stop unreasonable threats of financial damage by preventing Visa & MasterCard from charging huge, punitive fees to any other organization (underwriters, acquiring banks, ISOs, PSPs, merchants, etc) when such actions are taken in good faith (such as categorization or sales of legally permitted goods and services).

Thank you for your time and consideration. I hope you will take action to preserve freedom of speech and protect US consumers from these anti-competitive practices.