



Credit Card Competition Act

EXECUTIVE SUMMARY

The Credit Card Competition Act is a bipartisan bill that addresses excessive credit card swipe fees for small businesses by allowing access to more credit card payment network options. Since 2010, credit card fees have risen from around 2.00% to over 2.25% on average – which equates to an estimated \$7+ billion in extra annual costs for business and consumers. This legislation would help fix a broken market that has allowed Wall Street megabanks and global card networks to block competition and unfairly profit at the expense of small retailers and American families.

Big banks and card networks like Visa and MasterCard charge merchants more than 2% of the customer's total bill every time a credit card is used to make a purchase. Credit and debit card swipe fees have more than doubled over the past decade and soared 25% in 2021 alone to a record \$137.8 billion. There are a dozen competitive networks that could process credit card transactions. However, the dominant credit card networks have blocked them from entering the market. Independent networks are as fast and often less costly with less fraud than the dominant global players.

Visa and MasterCard – which control 80% of the U.S. credit card market – hold a near-monopoly over credit card processing. Lack of competition results in high fees, few options and little innovation. The bill requires that credit cards be able to be routed over at least two unaffiliated networks. One could still be Visa or MasterCard while the second could be networks like NYCE, Star or SHAZAM. Those networks are currently trusted by banks and consumers alike with billions of dollars in debit card and ATM transactions each day.

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- This bill requires that credit cards be able to be routed over at least two unaffiliated networks. One could still be Visa or MasterCard while the second could be networks like NYCE, Star, or SHAZAM.
- Credit card swipe fees have more than doubled over the past decade and soared 25% in 2021 alone to a record \$137.8 billion.
- Lack of competition results in high fees. There are a dozen competitive networks that could process credit card transactions. However, the dominant credit card networks have blocked them from entering the market.
- Credit card swipe fees amount to about \$900 a year for the average family.
- Small businesses could save upward of \$11 billion annually by bringing routing competition to credit card networks. Credit card swipe fees are most merchants' highest cost after labor, and this drives up prices for consumers.

POLICY RECOMMENDATIONS

Pass the Credit Card Competition Act

End excessive credit card swipe fees for small businesses by allowing merchants to access more credit card payment network options.

REQUEST

NLBMDA is asking House and Senate lawmakers to cosponsor and pass the Credit Card Competition Act to protect America's small businesses against excessive credit card fees.

For questions, contact Jacob Carter with NLBMDA at jacob@dealer.org