

U.S. Main Street merchants and their customers are struggling with the highest inflation in 40 years and face increasing economic pressures both foreign and domestic. Congress can help bring relief to Main Street and consumers by quickly passing the Credit Card Competition Act of 2022. S. 4674/H.R. 8874 simply requires the largest banks in the nation to enable at least two unaffiliated networks on each credit card – Visa or Mastercard plus a competing network.

THE CREDIT CARD MARKET IS BROKEN

- U.S. merchants were charged nearly \$138 billion to process credit and debit card transactions in 2021. That was up 25% from the year before and more than double the amount 10 years earlier, and the cost is growing quickly in 2022.
- Every time a consumer inserts, swipes or taps a credit card in person or enters their card number online, the merchant must pay hidden non-negotiable processing fees known as swipe fees that vary between 2% and 4% of the transaction amount.
- Visa and Mastercard set the swipe fees they and the giant Wall Street banks collect on every transaction made with credit cards issued under their names.
- Visa and Mastercard control 80% of the credit card market and refuse to negotiate these fees with Main Street merchants.
- In April 2022, Visa and Mastercard increased swipe fees by almost \$1.2 billion a year despite calls from a bipartisan group of members of the House and Senate and Main Street businesses and consumers.
- As a percentage of the transaction, the amount collected in swipe fees automatically goes up as prices rise. While Main Street businesses and U.S. consumers struggle with inflation and pay the highest swipe fees in the industrialized world, Visa has bragged on its earnings calls about being a beneficiary of inflation.

COMPETITION IS THE ANSWER AND WILL LOWER FEES, STRENGTHEN SECURITY AND INCREASE INNOVATION

- Visa and Mastercard do not face any competition in processing transactions made with credit cards issued under their names.
- As a result, they can set both their own fees and the fees charged by card-issuing banks without concern of merchants taking their business to another processor.
- By requiring that multiple networks be enabled on credit cards, networks would have to come to the table and negotiate fees, security and terms of acceptance with Main Street merchants.

COMPETITION WORKS AND SHOULD BE FOSTERED – NOT INHIBITED – BY CONGRESS

- The fundamentally broken and anticompetitive credit card market will not self-correct.
- Congress must act quickly to inject much-needed competition into the credit card market and require that the two dominate networks compete for both issuing bank and merchant business.

THE BILL PROTECTS SMALL AND MEDIUM-SIZE BANKS

- The bill exempts all banks and credit unions with less than \$100 billion in assets and applies to about 30 financial institutions in the country. Only one credit union in the entire country – Navy Federal Credit Union – is large enough to be included, and no small credit unions or community banks are affected.

U.S. Main Street merchants and their customers need relief from bloated hidden credit card fees. Competition will bring relief and open the market to new entrants. Only Congress can bring that relief.

CO-SPONSOR S. 4674/H.R. 8874, THE CREDIT CARD COMPETITION ACT