



## Credit Card Competition Act

### EXECUTIVE SUMMARY

The Credit Card Competition Act (H.R.3881/S.1838) is a bipartisan bill that addresses excessive credit card swipe fees for small businesses by allowing access to more credit card payment network options. Visa and MasterCard control 80% of the U.S. credit card market and hold a duopoly over credit card processing, charging merchants more than 2% of the customer's total bill every time a credit card is used to make a purchase. This bill fixes 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 their customers.

Currently, Visa and Mastercard set the swipe fees charged by banks that issue their credit cards and block transactions from being processed over other networks that could do the same job with lower fees. There are a dozen competitive networks that could process credit card transactions, but Visa and Mastercard have blocked them from entering the market. Lack of competition results in higher fees, with credit card fees increasing from 2.00% to more than 2.25% on average since 2010. Credit and debit card swipe fees have more than doubled over the past decade and soared to a record \$172 billion in 2023, up from \$161 billion in 2022 and \$138 billion in 2021. For most retail businesses, these fees are the highest operating cost after labor and increase prices paid by the average family by more than \$1,000 a year.

This bill requires big banks to allow any credit cards they issue to be processed over at least two unaffiliated networks – Visa or Mastercard plus a competitor like NYCE, Star, Shazam or Discover. Those networks are currently trusted by banks and consumers alike with billions of dollars in debit card and ATM transactions each day. Banks would choose which networks to enable but retail businesses would then decide which to use, resulting in competition over fees and service that is expected to save businesses and their customers over \$15 billion a year.

- Visa and MasterCard control 80% of the U.S. credit card market and hold a duopoly over credit card processing.
- Lack of competition results in higher fees. Since 2010, credit card fees have risen from around 2.00% to over 2.25% on average. Credit and debit card swipe fees have more than doubled over the past decade and soared to a record \$172 billion in 2023, up from \$161 billion in 2022 and \$138 billion in 2021.
- 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.
- This bill requires that credit cards issued by big banks can be processed over at least two unaffiliated networks. One could still be Visa or MasterCard while the second could be networks like NYCE, Star, or SHAZAM.

### POLICY RECOMMENDATIONS

End excessive credit card swipe fees for small businesses by allowing retailers 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 (H.R.3881/S.1838) to protect America's small businesses against excessive credit card fees.

For questions, contact Jacob Carter with NLBMDA at [jacob@dealer.org](mailto:jacob@dealer.org)