

## Enact the Credit Card Competition Act

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### Problem:

Small businesses have been heavily burdened with credit card processing fees (“swipe fees”) and network restrictions for years. In fact, U.S. merchants were charged an all-time record \$160.7 billion to process credit and debit card transactions in 2022, and these fees have more than doubled over the past decade. As it exists now, the credit card processing system racks up profits for the largest banks and corporations while hurting the local businesses that can least afford to fight back. Just two companies, Visa and Mastercard, control nearly 77 percent of credit transaction processing. This virtual duopoly enables them to set rates, dictate terms for anyone seeking to accept or use credit cards, and—most concerningly—block competition from entering the market.

Small businesses form the backbone of our economy, comprising over 99% of all U.S. businesses, and nearly half of all private sector employees. Yet, despite this vast reach, small businesses are at a distinct disadvantage when it comes to credit card transactions. Large companies can use their scale to bargain down the cost of processing their credit card business, and easily accommodate those reduced fees. However, small businesses cannot do the same.

Ultimately, these fees also hurt consumers, as they lead to higher prices, and unfortunately in some cases, fewer options. The end result of this broken system is that the average American family pays an extra \$1000 annually due to the impact of swipe fees.

### Solution:

To fix this rigged marketplace, Senators Dick Durbin (D-IL) and Roger Marshall (R-KS), as well as Representative Lance Gooden (R-TX05) have introduced the Credit Card Competition Act (S.1838/H.R.3881), also known as the CCCA. This vital, bipartisan and bicameral bill ensures that credit card processing becomes a fair and open market, with the big banks required to allow their cards to work over a non-Visa/Mastercard network, and small businesses able to actively choose who gets their business.

- Congress should take up and pass the CCCA. This bill is sorely needed to protect small businesses from an unfair, duopolistic market, and ensure they can compete.
- Don’t buy into the false narrative that the CCCA will hurt credit card rewards programs. Rewards programs are set by banks, not processing networks, and a study by financial advisory firm CMSPI shows that banks have “more than sufficient margin” to offset lost swipe fee revenue and “maintain current reward levels.”