

## **PASS THE CREDIT CARD COMPETITION ACT**

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*Credit card processing fees should not be a fatal cost to Small Business.*

Though many consumers tend to think of their credit cards in terms of the name listed on the back, that company (generally either Visa or Mastercard) is not actually the card issuer, but rather the network over which the card transactions are processed.

When a consumer swipes, inserts or taps a credit card in person or pays online, merchants and banks route financial information over a network for processing. The network through which a transaction is routed is analogous to how a phone call is routed through a carrier.

Over decades, a handful of companies have been able to amass significant market share, and Visa and Mastercard are currently estimated to hold as much as 77% of the credit card processing business in the United States—an effective duopoly. As a result of this market concentration, card processors have largely been able to dictate the per-transaction cost of using their network, also known as a “swipe fee.”

**Not only did swipe fees reach an all-time record of \$160.7 billion in 2022, but Visa and Mastercard have recently announced plans to raise fees, estimated to cost frontline merchants at least another \$500 million annually.**

### **WORKING SOLUTIONS**

Last Congress, Senator Dick Durbin (D-IL) introduced S.1838, the “Credit Card Competition Act of 2023.” Also known as the CCCA or “Durbin-Marshall,” this bill is a reintroduction of similar legislation championed by Senator Durbin and Senator Roger Marshall (R-KS) in prior Congresses.

This bill ensures that credit card processing becomes a fair and open market, with 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. Earlier versions of the bill expressly addressed fee structures, however this compromise text only addresses routing of transactions, with the reduction of fees thanks to competition implicit in the agreement.

Members of Congress should reintroduce, consider, and pass the Credit Card Competition Act this Congress to ensure small merchants are not continually subject to arbitrary, ever-growing fees simply for accepting payments.