LOWERING COSTS FOR RESTAURANTS AND CUSTOMERS BY ADDRESSING SWIPE FEES

Processing credit card transactions is one of the largest operating expenses for restaurants, behind food and labor. Swipe fees cost U.S. businesses over $160 billion in 2022 when debit cards are included, driving up prices for the average family by more than $1,000 a year. A lack of competition between the major credit card processing networks is why swipe fees continue to skyrocket.

The bipartisan, bicameral Credit Card Competition Act (CCCA), S. 1838/H.R. 3881, would require at least two competing processing networks to be enabled on every credit card. By enhancing competition in the market, this legislation would drive down swipe fees, improve security and service, and save businesses — including restaurants — and consumers an estimated $15 billion a year.

EXPANDING OPTIONS CREATES A MORE COMPETITIVE MARKETPLACE

Currently, restaurants do not have the ability to negotiate the swipe fees imposed by the two dominant card companies, which control 80% of the credit card network sector. In the past decade the cost of swipe fees has more than doubled — unchecked by market competition.

CCCA would require the largest banks in the nation (those with over $100 billion in assets) to issue credit cards with at least two unaffiliated networks enabled on them. This would empower restaurant operators to choose the most cost effective and secure network to process their credit card transactions.

PROVIDING CHOICE REDUCES FEES, HELPS CONSUMER WALLETS

Lowering swipe fees through enhanced market competition would allow restaurant operators to invest in their workforce and pass savings on to their customers.

BACKGROUND

Credit card processing fees have more than doubled over the past decade, and nearly 20% in the last year.

Just two credit card companies control 80% of the credit card processing market.

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ADDRESSING SWIPE FEES IS UNIQUELY CRITICAL FOR RESTAURANTS

Restaurants already operate on thin margins. In fact, a typical restaurant has a profit margin of 3-5% before tax. In addition to costly swipe fees, restaurants are also juggling a roughly 25% increase in food costs and an over 18% increase in payroll expenses.

SUPPORTING THE CREDIT CARD COMPETITION ACT IS ESSENTIAL

The duopoly created by the dominant card companies is squeezing restaurants — 9 in 10 of which are small businesses — and consumers.

Congress can strengthen competition between credit card processing networks and reduce excessive credit card swipe fees by passing the Credit Card Competition Act (CCCA), S. 1838/H.R. 3881.