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POLICY BRIEF

## CREDIT CARD COMPETITION ACT OF 2022

### BACKGROUND

**Processing card transactions is one of the highest operating expenses for restaurants, only behind food and labor.**

**Despite improvements in payment technology, credit card processing fees have more than doubled over the last decade.**

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[Restaurant.org](https://www.restaurant.org)

### LOWERING COSTS FOR RESTAURANTS AND CUSTOMERS BY ADDRESSING SWIPE FEES

Interchange or “swipe fees” – the charges incurred by businesses to accept and process credit card payments – cost businesses \$77.5B in 2021, according to the Merchants Payments Coalition. Accepting a credit card payment is an absolute imperative for restaurant owners and operators to best serve their customers, and ultimately, stay in business. Unfortunately, lack of competition in the credit card processing network sector continues to drive these fees higher, straining businesses and consumers battling the longstanding effects of inflation.

**The Credit Card Competition Act of 2022 (S. 4674) would help stem skyrocketing swipe fees by injecting more competition in the credit card processing network sector, helping businesses and consumers pay less.**

### EXPANDING OPTIONS CREATES A MORE COMPETITIVE MARKETPLACE

Currently, restaurants do not have the ability to negotiate credit card swipe fees imposed by 2 major card companies that control almost 80% of the credit card network sector.

**With more payment card networks, competition would increase as restaurants and other merchants could choose which network processes their credit card transactions.**

### PROVIDING CHOICE REDUCES FEES, HELPS CONSUMER WALLETS

**Additional credit card processing networks would therefore help drive down swipe fees, allowing restaurants to re-invest funds into workplace and workforce development.** They’d also pass down lower costs to consumers who are still struggling with increases in their basic expenses.

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### ADDRESSING SWIPE FEES IS UNIQUELY CRITICAL FOR RESTAURANTS

**Restaurants already operate on thin margins.** In fact, a typical restaurant makes an average of just 3-5% in a pre-tax profit margin. In addition to costly swipe fees, restaurants are also juggling a 17% increase in food costs, more than a 13% increase in payroll expenses, and billions in debt accrued during the COVID-19 pandemic – all while bracing for a recession.

### SUPPORTING THE CREDIT CARD COMPETITION ACT IS ESSENTIAL

The duopoly created by the dominant card companies is causing significant harm to restaurants and customers.

**Congress can help ease excessive credit card transaction processing fees and provide relief to businesses and consumers across the country by passing the Credit Card Competition Act of 2022.**

