

■ CREDIT CARD COMPETITION ACT

The *Credit Card Competition Act (CCCA)*, S. 1838/H.R. 3881, is bipartisan legislation that would drive down the exorbitant swipe fees paid on every credit card transaction by creating competition in the broken credit card processing market. It would prohibit the nation's largest banks from restricting the number of processing networks on which a credit card transaction can be processed. **If passed, the CCCA will lower swipe fees, improve credit card security and service, and save U.S. businesses — including restaurants — and consumers [an estimated \\$15 billion a year](#).**

FACT: The credit card processing duopoly is harming restaurant operators – 9 in 10 of which are small businesses – and consumers.

- [Two companies control 80% of the credit card processing market.](#)
- Processing credit card transactions is one of the largest operating expenses for restaurants.
- [U.S. credit card swipe fees are among the highest in the world.](#)
- Swipe fees have more than doubled over the past decade, costing U.S. businesses over \$172 billion in 2023 when debit cards are included, driving up prices for the average family by more than \$1,000 a year, according to the Nilson Report.

FACT: The CCCA would benefit small businesses — like restaurants — and consumers.

- Small business operators are disproportionately impacted by high swipe fees. Because of their small volume and lack of market power, these businesses pay the highest swipe fee rates.
- After the 2010 debit card reforms went into effect, merchants saw [more than \\$9 billion in savings from increased competition](#) in the debit card processing market.
- [Merchants passed on 70% of those savings to consumers](#) through lower prices.

FACT: The CCCA would only impact the largest banks in the nation; small banks and credit unions would not be affected.

- This carefully targeted legislation only applies to financial institutions with at least \$100 billion in assets.



The Credit Card Competition Act is sensible, targeted legislation to **strengthen market competition, lower swipe fees for small businesses and allow restaurant operators to pass on savings to customers.**

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COMPETITION ACT**FACT: The CCCA would not eliminate credit card reward programs.**

- History has shown that big banks will continue to offer reward programs. After similar reforms for debit cards were enacted in 2010, debit card reward programs continued to grow.
- Banks, not credit card processing networks, offer rewards and this bill would not hinder banks' ability to continue offering rewards to attract customers and influence consumer behavior.

FACT: The CCCA would improve credit card security.

- Similar debit card reform spurred new security innovations, including end-to-end encryption, which was a direct result of the increased competition between networks.
- According to the Federal Reserve, the independent processing networks have about one-fifth the fraud of the existing processing duopoly.

FACT: The proposed merger between Capital One and Discover will not create meaningful competition or fix the broken credit card processing market.

- Capital One is tied to the duopolies that issue their cards and are not allowed to process payments through competitors. The merger will not change that—only legislation can.
- In Discover's 37-year history, it has captured only 5% of the credit card market. There is no reason to expect that a merger would dramatically improve its market share.

FACT: The Payment Card Interchange Fee and Merchant Discount Antitrust Litigation settlement will not have a meaningful or lasting impact on credit card processing costs.

- By locking-in 2024's record high swipe fee rates for five years, the settlement provides minimal temporary relief for some operators. It does not fix the systemic problems caused by lack of competition in the broken interchange fee market.
- After five years, the credit card duopoly can once again raise credit card swipe fees without competition to keep them in check, which earned them over \$100 billion 2023 alone.

FACT: Swipe fees are not needed to cover credit card fraud costs because restaurant operators already pay for the majority of fraud losses.

- Every time a card is swiped, a restaurant is pre-paying for fraud losses, because banks insist swipe fees cover potential fraud.
- In practice, if a card is fraudulently used at a restaurant, the operator is still responsible for the full cost of the chargeback — plus an additional fee — instead of the loss coming from swipe fees alone.
- According to [2021 data from the Federal Reserve](#), merchants and consumers pay 66% of all fraud costs associated with debit card transactions, which are processed similarly to credit cards.