



June 9, 2023

Re: Support the Credit Card Competition Act of 2023

Dear Senator:

On behalf of the National Restaurant Association, we urge you to support S. 1838, the Credit Card Competition Act of 2023 (CCCA), and push for its timely passage. This bipartisan, bicameral legislation, introduced by Senators Dick Durbin (D-IL), Roger Marshall (R-KS), Peter Welch (D-VT), and J.D. Vance (R-OH) along with Representatives Zoe Lofgren (D-CA), Lance Gooden (R-TX), Tom Tiffany (R-WI) and Jeff Van Drew (R-NJ) would increase competition in the credit card processing market to drive down the exorbitant swipe fees paid by Main Street businesses and consumers.

The U.S. restaurant and foodservice industry is comprised of nearly one million outlets and a workforce of more than 15 million employees. The National Restaurant Association is the leading business association for the industry, and together with 52 State Associations, we serve every restaurant through advocacy, education, and food safety.

For every meal purchased with a credit card, restaurants must pay a fee to the specific credit card network that processes the payment. Over the past decade, these swipe fees have [more than doubled](#) because of a lack of competition between credit card networks. As a result, processing credit card transactions is one of the highest operating costs for restaurants, behind food and labor.

The bipartisan, bicameral Credit Card Competition Act would require at least two competing processing networks to be enabled on every credit card. This would empower operators to choose between networks when processing credit card transactions. By enhancing choice and competition in the market, this legislation would save Main Street businesses, including restaurants, and consumers [an estimated \\$11 billion a year](#).

Restaurants are the backbone of every community in the nation, fueling local economic growth, creating jobs, and bringing residents together. Lower swipe fees would allow restaurants to invest in their workforce and pass savings onto their customers through lower menu prices.

We urge you to support the CCCA for the following reasons:

The credit card processing ecosystem is broken without competition.

Two dominant card networks control [over 80% of the credit card market](#). They leverage this immense market power to effectively ban alternate routing networks, leaving merchants with no choice but to endure [exponentially rising fees](#). Any business that accepts credit cards is powerless to negotiate these fees, which range between roughly 2-4% of every bill. In 2022, U.S. businesses and consumers paid [over \\$160 billion in swipe fees](#).

The legislation does not create a fee cap or government-mandated price control.

Credit card companies and large banks are wrong when they claim that the CCCA would create unnecessary government intervention by establishing a back-door price control on the credit card system. This legislation explicitly does not create a fee cap for credit card transactions. Instead, this legislation

would only require card-issuing banks with over \$100 billion in assets to allow electronic credit transactions to be processed on at least two unaffiliated payment networks.

The legislation would improve card security and fraud prevention.

The CCCA includes key provisions to improve card security and fraud protection measures, including closing an existing loophole that could allow China Union Pay to enter the U.S. market. In addition, as the recent history of debit card reform demonstrates, increasing competition in the credit card network market would encourage new innovations in card security. For example, following debit card fee reform in 2011, the STAR network announced that it would encrypt transaction data end-to-end. At the time, no other network offered that level of protection, and [within months](#), virtually every network made similar announcements. Debit reform also [accelerated the transition to chip cards](#) in the United States.

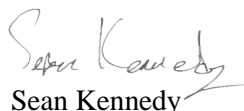
The legislation would not eliminate credit card reward programs.

The financial sector falsely contends that the CCCA would eliminate credit card reward programs. Credit card networks don't offer rewards, banks do. And this legislation would not hinder banks' ability to continue offering rewards to incentivize customers to use their cards. In other countries where swipe fee reform has been adopted, rewards have not gone away. For instance, a decade after reform in Australia, the Reserve Bank of Australia found banks still offered "significant credit card rewards" despite the banks and networks' claims that rewards would be eliminated by the reform.

For the above reasons, the Association and the 52 undersigned state restaurant associations urge you to support the CCCA and push for its timely passage. This targeted bipartisan legislation does not rely on heavy-handed government overregulation; it merely requires the world's most profitable credit card networks and the nation's biggest banks to operate as true competitors in the marketplace.

The restaurant industry thanks you for your consideration of supporting S. 1838 and stand ready to work with you and other members of the U.S. Senate to bring about much-needed relief to both consumers and to Main Street businesses.

Sincerely,



Sean Kennedy
Executive Vice President, Public Affairs

CC: Members of the United States Senate