



September 12, 2022

Re: Jumpstart Competition in Electronic Payment Networks

Dear Representative:

The National Restaurant Association and our partner state restaurant associations have endorsed [S. 4674](#), the Credit Card Competition Act of 2022, and urge you to consider companion legislation in the House. This bipartisan legislation, introduced by Senators Dick Durbin (D-IL) and Roger Marshall (R-KS), would inject more competition into the payments ecosystem by allowing restaurants to choose which payments networks process their credit card transactions, which would result in [an estimated \\$11 billion of dollars in savings](#) for merchants and consumers each year.

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant and foodservice industry, which comprises nearly 1 million restaurant and foodservice outlets and a workforce of 14.5 million employees. Together with our partnering state restaurant associations in every state, the District of Columbia, and Puerto Rico, we are a network of professional organizations dedicated to serving every restaurant through advocacy, education, and food safety.

As you know, our industry was completely upended due to the COVID-19 pandemic. More than 8 million restaurant employees were laid off or furloughed, and the industry collectively lost over \$290 billion in sales in the first year alone. Even as the pandemic begins to subside, a strong majority of restaurants say they face higher costs now than before 2020 due to the harrowing combination of continued labor shortages, supply chain disruptions, and increased food prices, all of which are further exacerbated by the highest inflationary rate our country has seen in decades.

For restaurant owners and operators, accepting a form of payment that is not “cash only” is an absolute imperative to best serve their customers, and ultimately, to stay in business. However, accepting card payments is one of the highest costs borne by our industry, just behind labor and food. Because restaurant operators today are juggling a 17% increase on food costs and more than a 13% increase in payroll expenses, it is difficult to truly quantify the profoundly negative impact these swipe fees have upon the industry, which essentially act as an inflation multiplier given that credit card swipe fees are paid as a percentage of every single transaction.

Furthering this issue is the fact that most consumer-facing businesses have no ability to negotiate the credit card rates that the two dominant card companies impose, nor in practicality are they able to seek out alternative payment processing options. Together, these networks control over 80% of the credit card market, and by leveraging this immense market power to effectively ban alternative routing networks, merchants are left with no choice but to endure these [exponentially rising fees](#).

This duopolistic behavior continues to cause significant harm to the restaurant community and paints a strikingly different picture when compared to our highly competitive and low-margin industry. According to the Nilson Report, the two prevailing card networks (along with their respective card-issuing banks) charged U.S. merchants [a total of \\$137.8 billion in total card processing fees](#) while those issuing banks amassed [a 32.6% profit margin just last year](#). On the contrary, a typical restaurant makes an average of 3-5% pre-tax margin, and since credit card swipe fees alone amount to an average of 2.22% for each transaction, it becomes abundantly clear why restaurants and other small businesses struggle to succeed while facing such daunting economic conditions.

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Perhaps most importantly, the dominant card networks' control over the credit market is equally harmful to consumers across the country. Economists estimate that in the last year alone, these fees cost the average American family \$900, and that figure is all but guaranteed to increase due to ongoing inflation. Fortunately, we can look to the Durbin Amendment to illustrate how its dual-routing requirement for debit cards has not only saved merchants and consumers [an estimated \\$9.4 billion dollars per year over the last decade](#), but it also enabled security innovations and fraud protections to flourish. When payment networks were required to compete in the debit space, networks invested in new security technologies like end-to-end encryption and tokenization that better protects consumers' sensitive financial information.

The Credit Card Competition Act does not create any kind of government-regulated cap on swipe fees themselves, but instead would merely require the world's most profitable credit card networks and the biggest banks on Wall Street to operate as true competitors within the capitalist market our country was founded upon.

The restaurant industry thanks you for your consideration of companion legislation to S. 4674 and stands ready to work with you to bring about much-needed relief to both consumers and to Main Street businesses across the country.

Sincerely,

National Restaurant Association

Alabama Restaurant & Hospitality Association
Alaska Cabaret, Hotel, Restaurant & Retailers Association
Arizona Restaurant Association
Arkansas Hospitality Association
California Restaurant Association
Colorado Restaurant Association
Connecticut Restaurant Association
Restaurant Association of Metropolitan Washington
Delaware Restaurant Association
Florida Restaurant & Lodging Association
Georgia Restaurant Association
Hawaii Restaurant Association
Idaho Lodging & Restaurant Association
Illinois Restaurant Association
Indiana Restaurant & Lodging Association
Iowa Restaurant Association
Kansas Restaurant & Hospitality Association
Kentucky Restaurant Association
Louisiana Restaurant Association
Hospitality Maine
Restaurant Association of Maryland
Massachusetts Restaurant Association
Michigan Restaurant & Lodging Association
Hospitality Minnesota
Mississippi Hospitality & Restaurant Association
Missouri Restaurant Association

Montana Retail Association
Nebraska Hospitality Association
Nevada Restaurant Association
New Hampshire Lodging & Restaurant Association
New Jersey Restaurant & Hospitality Association
New Mexico Restaurant Association
New York State Restaurant Association
North Carolina Restaurant & Lodging Association
North Dakota Hospitality Association
Ohio Restaurant Association
Oklahoma Restaurant Association
Oregon Restaurant & Lodging Association
Pennsylvania Restaurant & Lodging Association
Puerto Rico Restaurant Association
Rhode Island Hospitality Association
South Carolina Restaurant & Lodging Association
South Dakota Retailers Association
Hospitality Tennessee
Texas Restaurant Association
Utah Restaurant Association
Vermont Chamber of Commerce
Virginia Restaurant, Lodging & Travel Association
Washington Hospitality Association
West Virginia Hospitality & Travel Association
Wisconsin Restaurant Association
Wyoming Hospitality and Travel Coalition