

SMALL RETAILERS NEED THE CREDIT CARD COMPETITION ACT

HEADLINES

1. **Credit card swipe fees are most retailers' highest operating cost after labor.** These fees prevent small merchants from investing in their business by hiring more staff, buying more inventory and competing on price.
2. Small retailers can't absorb the cost of rising swipe fees, which has led to consumers paying higher prices. **The average American family paid over \$1,000 in swipe fees last year.**
3. Competition in the credit card market would greatly **benefit small retailers who currently pay higher swipe fee rates than larger competitors** and have the least leverage to push back against the networks and large banks.

ADDITIONAL POINTS

- **The United States pays the highest swipe fees in the world.** The growth of these fees is outpacing the growth in sales in recent years.
- **Visa and Mastercard control 80% of the market** and can centrally set swipe fee rates charged by banks that issue their cards. Because of this duopoly, the networks don't have to compete on price or service unlike retailers and every other American business.
- Swipe fees, which totaled a record \$160.7 billion last year, have **doubled over the past decade.**
- These fees are a **huge expense for small retailers** and are non-negotiable, take it or leave agreements. With more consumers using cards over cash, "leaving it" isn't an option.
- **The high fees are also inflation multipliers.** As a percentage of the transaction, retailers pay more in fees as prices rise, which then drives up consumer prices even higher. Meanwhile, the networks and large banks collect more in profits without offering additional or improved services.
- **Consumers won't lose their rewards** due to competition as evidenced in Australia and Europe's credit card reform. Rewards are used by banks to lure customers, but retailers offer them too. The difference? Retailers survive on slim 2-3% profit margins, while banks average 27%.
- The **CCCA applies only to the nation's 23 largest financial institutions**, exempting smaller community banks. Competition among larger companies will benefit smaller banks.
- **Consumers will benefit just like with debit reform.** Moody's Investor Services found debit reform savings shielded consumers from higher prices due to rising operating costs. Retailers fiercely compete, keeping prices low to attract customers. Their profit margins didn't grow after debit reform.
- **Competition will bring greater innovation and security enhancements.** Competing networks, trusted by banks for over a decade, route debit and ATM transactions securely. Compared to Visa and Mastercard, these networks excel in per-transaction security.
- Retailers have long asked the card industry to negotiate or lower fees, but they have been refused. Legal battles spanning 15+ years haven't resolved the issue. **It's time for Congress to foster competition and bring relief to American businesses and consumers.**

COSPONSOR THE CREDIT CARD COMPETITION ACT (S. 1838/H.R. 3881)

Senate Sponsors: Senators Durbin (D-IL), Marshall (R-KS), Welch (D-VT) & Vance (R-OH)

House Sponsors: Representatives Gooden (R-TX-5), Lofgren (D-CA-18), Tiffany (R-WI-7) & VanDrew (R-NJ-2)

