

CREDIT CARD COMPETITION ACT

A BIPARTISAN SOLUTION TO LOWER PRICES FOR CONSUMERS & SMALL BUSINESSES

The Problem: High Swipe Fees

Americans are getting squeezed by rising prices and credit card swipe fees are making it even worse. Visa and Mastercard control over 80% of the credit card market, enabling them to set high fees without facing real competition. Every time a Visa or Mastercard credit card is swiped, consumers effectively pay a 2-3% fee. Small businesses have little choice but to accept these terms, and consumers pay the price. Americans pay the highest credit card swipe fees in the world, totaling \$148.5 billion. These hidden costs add more than \$1,100 per year to the average American household's cost of living.

The Solution: Credit Card Competition Act

- Requires the largest U.S. banks with assets totaling more than \$100 billion to add a second, non-Visa/Mastercard network to each credit card.
- Exempts community banks and all but one credit union to ensure feasibility.
- Allows the banks to select the second network on each card and merchants to choose between the two options.

Setting the Record Straight

Opponents – including Visa, Mastercard, and some of America's largest banks – have spent over \$100 million spreading misinformation to preserve the credit card duopoly and protect their profits.



Myth: The Credit Card Competition Act will eliminate **reward programs**.



Fact: Rewards will still exist. Banks fund reward programs through multiple revenue streams, including annual fees, late fees, and high interest rates on revolving balances. As the Consumer Financial Protection Bureau found, *"borrowers who carry balances effectively subsidize the cost of rewards for those who pay in full."* Most importantly, banks use reward programs to attract and retain customers – they're not going away.



Myth: The Credit Card Competition Act will compromise **security features**.



Fact: All networks must meet strict federal security standards, including the Gramm-Leach-Bliley Act. Under the bill, banks – not merchants – select which secondary network is compatible with the card, so they have every incentive to choose secure, trusted systems. More competition means stronger system resilience, less risk of outages, and more innovation in fraud protection. The bill also prohibits the selection of networks controlled by foreign entities or that pose national security risks, so security frameworks will be strengthened – not weakened.

Broad Support

Endorsed by a wide coalition of consumer protection groups, labor unions, small business associations, and industry leaders, including the International Brotherhood of Teamsters, National Association of Convenience Stores, National Federation of Independent Business, National Grocers Association, National Restaurant Association, Service Employees International Union, National Retail Federation, the American Beverage Licensees, American Booksellers Association, American Economic Liberties Project, Americans for Financial Reform, Armed Forces Marketing Council, Asian American Hotel Owners Association, Center for Responsible Lending, Center for Responsible Lending, Coalition of Large Tribes (COLT), Consumer Action, Demand Progress, Energy Marketers of America, Food Marketing Institute, Future of Music Coalition, Hispanic Leadership Fund, Independent Restaurant Coalition, Institute for Local Self-Reliance, International Franchise Association, Main Street Alliance, Merchant Advisory Group, Merchant Payment Coalition, National Association of College Stores, National Association of Consumer Advocates, National Association of Theatre Owners, National Community Reinvestment Coalition, National Independent Venue Association, National Lumber & Building Material Dealers Association, National Wildlife Refuge Association, NATSO, Open Markets Institute, Public Citizen, Retail Industry Leaders, SIGMA, Tzedek DC, U.S. PIRG, and more than 270 regional and state hospitality, retail, and entertainment groups.

- This document was produced by the Office of Rep. Zoe Lofgren (CA-18) •
- Email Joe.Zanoni@mail.house.gov with questions or to co-sponsor the bill •