



February 5, 2024

The Honorable Dick Durbin
United States Senate
711 Hart Senate Building
Washington, D.C. 20510

The Honorable Lindsey Graham
United States Senate
211 Russell Senate Office Building
Washington, DC 20510

Dear Chair Durbin, Ranking Member Graham, and members of the U.S. Senate Committee on the Judiciary:

The below undersigned organizations from Small Business Rising — a coalition of small business membership associations representing more than 300,000 independent businesses — are writing to show our support for the bipartisan, bicameral 2023 Credit Card Competition Act (S.1838) and to underscore the urgency for Congress to pass this legislation. With the upcoming Senate Judiciary committee hearing, we urge you to heed the calls of the small business community for this lifeline, which would spur competition and curtail the outsized power of the big banks and dominant credit card companies.

As detailed in our [July 2023 letter to Congress thanking lead bill co-sponsors](#) Senator Durbin and Senator Marshall, concentrated market power is the single biggest threat facing independent businesses, and it's clear we have a financial system that benefits behemoth corporations at the expense of small businesses and consumers. Our coalition partners have identified exorbitant credit card interchange fees — also known as “swipe fees” — as a top issue undermining the ability of their small business members to serve their communities because these growing fees are eating into their margins. Swipe fees are small businesses’ highest expense after payroll, even though Visa and Mastercard add only nominal value to the goods and services these merchants provide. What’s more, swipe fees increase the cost of food and goods for the average American family by \$1,000 a year according to 2022 figures from the Consumer Financial Protection Bureau.¹

¹ Ashwin Vasan and Wei Zhang, “Americans pay \$120 billion in credit card interest and fees each year,” Consumer Financial Protection Bureau, January 19, 2022.

Absent competition, Visa and Mastercard control more than 80 percent of credit card transactions.² American Express captures most of the rest and leads in certain sub-markets. This means that a large cross-section of American spending is essentially subject to a monopoly tax imposed by two mega-corporations. Consumers and businesses pay more, while Visa and Mastercard reap the surplus and share gains with a small handful of big banks. Just four banks — Chase, Wells Fargo, Citi, and Bank of America — issue about half of all credit cards.

This monopoly rent-seeking disproportionately harms small businesses. While large corporations, such as Amazon and Walmart, have some leverage to negotiate better rates, independent businesses have little choice but to pay whatever the banks and networks demand.

A recent report³ found that credit card industry trade groups including the Electronic Payments Coalition, giant credit card companies, and big banks have spent a combined \$51 million to lobby against the Credit Card Competition Act. Small businesses can compete on the merits of their business, but cannot compete with such powerful interests of the financial sector in the halls of Congress. Our lawmakers must put their promises to support small businesses into action by passing this bill. As the clock ticks on the legislation, the financial sector continues to hike rates.⁴ These increasing fees can make or break a small business. This is not novel or without precedent – Congress regulated debit card fees and Europe limited credit card fees, yet American merchants pay seven times higher swipe fees.

This “duopoly” power must be addressed through legislation like the Credit Card Competition Act, which will prevent Visa and MasterCard from forcing merchants to use their card networks to process payments, resulting in significant fee reductions for small businesses. This legislation is pro-consumer, pro-small business, and should be a top priority in Congress this winter.

Sincerely,

<u>Association Name</u>	<u>Geography</u>
Alliance for Pharmacy Compounding	Nationwide
American Booksellers Association	Nationwide
American Independent Business Alliance	Nationwide
American Specialty Toy Retailing Association	Nationwide
Cambridge Local First	MA
GO LOCAL Sonoma County	CA
Independent Restaurant Coalition	Nationwide
Institute for Local Self-Reliance	Nationwide
Local First Arizona	AZ
Local Return	RI

² Cait Freda and Kristina Partsinevelos, “The fight over a bill targeting credit card fees pits payment companies against retailers,” *CNBC*, July 30, 2023.

³ “Credit Industry Has Spent Millions Lobbying Against Credit Card Swipe Fee Reforms As It Ratchets Up Multi-Pronged Campaign Against The Bipartisan Credit Card Competition Act,” *Accountable.US*, November 2023.

⁴ Angel Au-Yeung, “Visa, Mastercard Prepare to Raise Credit-Card Fees,” *The Wall Street Journal*, August 30, 2023.

Louisville Independent Business Alliance	KY
Love Live Local, Inc	MA
Lowcountry Local First	SC
Main Street Alliance	Nationwide
National Bicycle Dealers Association	Nationwide
National Community Pharmacists Association	Nationwide
National Grocers Association	Nationwide
National Ski & Snowboard Retailers Association	Nationwide
National Sporting Goods Association	Nationwide
New Atlantic Independent Booksellers Association	NY, PA, NJ, DE, MD, VA, WV, Washington DC
North American Hardware and Paint Association	Nationwide
North American Marine Alliance	Nationwide
People First Economy (MI)	MI
Provender Alliance	PNW
Running Industry Association	Nationwide
Shop Local Raleigh	NC
Southeast Michigan Sustainable Business Forum	MI
Spokane Independent Metro Business Alliance	WA
StayLocal an initiative of Urban Conservancy	LA
Workplace Solutions Association	Nationwide
Yorktown Small Business Association	NY

About Small Business Rising

Small Business Rising, a coalition of more than 40 organizations representing more than 300,000 independent businesses, formed in 2021 to urge policymakers to rein in monopoly power and inject fairness into a system that has long left small businesses at a competitive disadvantage. [The Hill](#) described the coalition as "playing a pivotal role in high-profile debates over antitrust," and helping "sway lawmakers to advance legislation to break up the largest tech companies through the House Judiciary Committee."

Together, members of the coalition and small business voices have calling for Congress to stop tech monopolies, like Amazon, from cornering the online market by breaking them up and regulating them, for states to pass robust antitrust laws, and for Federal regulators to use their enforcement authorities to block dominant corporations from engaging in abusive tactics. For media inquiries, please email [media\[at\]smallbusinessrising\[dot\]net](mailto:media[at]smallbusinessrising[dot]net) | SmallBusinessRising.net.