



March 27, 2024

Jerome Powell
Chair
Federal Reserve Board
20th Street and Constitution Avenue NW.
Washington, DC 20551

Michael Hsu
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
407 7th St
Washington, DC 20219

Martin Gruenberg
Chair
Federal Deposit Insurance Corp.
550 17th Street, NW,
Washington, DC 20429

Jonathan Kanter
Assistant Attorney General, Antitrust Division
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Chair Powell, Acting Comptroller Hsu, Chair Gruenberg, and Assistant Attorney General Kanter:

As partners in [Small Business Rising](#)—a coalition of small business associations representing more than 250,000 independent businesses—we the undersigned organizations urge you to oppose the proposed merger between Capital One and Discover announced on February 19, 2024. Capital One’s proposed \$35 billion purchase of Discover Financial Services would combine two of the largest credit card companies in the United States¹ in the already highly consolidated banking and credit card industries, posing significant risks of decreasing market competition and increasing costs for small business merchants.

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 often small businesses’ highest expense after payroll.

As the top four and five companies in the U.S. credit card market by loans, a merger between Capital One and Discover would create a behemoth player, with an estimated “\$250 billion in card balances and a market share of 22%.”² The Consumer Financial Protection Bureau

¹ “Capital One Is Buying Discover Financial for \$35 Billion,” *The Wall Street Journal*, February 19, 2024.

² “Capital One’s \$35 billion Discover deal hinges on playing consumer champion,” *Reuters*, February 21, 2024.

recently reported findings that big banks charge higher credit card interest rates than small banks and credit unions.³

Creating more concentrated power and consolidation in these markets serves company executives and shareholders, while doing further damage to an uneven playing field for small businesses, the cornerstone of our communities. In addition to navigating colossal gatekeeper platforms like Amazon which extract a monopoly tax on every sale⁴ and paying higher tax rates than large corporations,⁵ small businesses are drowning in ever-increasing swipe fees in today's largely cashless retail world.

As a coalition of truly small and independent businesses, we urge you to block the Capital One/Discover deal, which would hurt competition and increase the outsized power of the big banks and dominant credit card companies in a time when small businesses are calling on policymakers for relief and fairness.

Signed,

American Booksellers Association

American Independent Business Alliance

American Specialty Toy Retailing Association

Cambridge Local First

Institute for Local Self-Reliance

Independent Restaurant Coalition

Local First Arizona

Local First La Plata

Local Return

Louisville Independent Business Alliance

Love Live Local Inc

Lowcountry Local First

Main Street Alliance

New Atlantic Independent Booksellers Association

North American Hardware and Paint Association

People First Economy

Running Industry Association

Slow Flowers Society

Spokane Independent Metro Business Alliance

StayLocal

Workplace Solutions Association

³ "CFPB Report Finds Large Banks Charge Higher Credit Card Interest Rates than Small Banks and Credit Unions," U.S. Consumer Financial Protection Bureau, February 16, 2024.

⁴ "New Research: Amazon's Monopoly Tollbooth in 2023," Institute for Local Self-Reliance, September 21, 2023.

⁵ "Report: Tax Dodging is a Monopoly Tactic," Institute for Local Self-Reliance, March 30, 2023.