



July 12, 2023

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Republican Leader  
United States Senate  
Washington, DC 20510

Dear Majority Leader Schumer and Leader McConnell:

On behalf of the National Retail Federation, I am writing to express our support for S. 1838, the Credit Card Competition Act of 2023, which was recently introduced by Senators Richard Durbin (D-Ill.), Roger Marshall (R-Kan.), Peter Welch (D-Vt.) and J.D. Vance (R-Ohio). This legislation would provide much-needed relief to retailers and consumers by injecting competition into the credit card routing market. **Please note that NRF will consider co-sponsorship of, and votes for, S. 1838 as part of the Retail Opportunity Index for our voting scorecard.**

The National Retail Federation passionately advocates for the people, brands, policies and ideas that help retail succeed. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing \$3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

Interchange or “swipe” fees totaled a record \$160.7 billion in 2022, a \$22 billion increase from the previous year. In fact, American retailers and merchants pay the highest swipe fee rates in the world, which has led to swipe fees being most retailers' highest cost after labor. Due to slim profit margins, retailers are unable to absorb these rising costs, resulting in the average American family paying over \$1,000 a year in higher prices. These significant and inflationary economic impacts are driven by the fact that Visa and Mastercard control 80% of the credit card market, enabling the two networks to centrally set interchange rates by banks that issue their cards. The lack of competition in the market has driven up costs for businesses and consumers and limited innovation.

The Credit Card Competition Act seeks to remedy this unfair and broken market by requiring credit card-issuing financial institutions with \$100 billion or more in assets to enable at least two unaffiliated networks — Visa or Mastercard plus a competing credit card network or independent network — to route credit card transactions. This would finally force Visa and Mastercard to compete with other networks over fees, security and service, just like every other American business. Competition in the credit card routing market is estimated to save businesses and consumers \$15 billion a year in swipe fees. In addition, the bill would prohibit any network controlled by foreign governments, such as China's UnionPay, from routing transactions.

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The legislation ensures that only the nation's largest financial institutions — 30 banks and one credit union — are subject to its requirements. Community banks, local credit unions and other smaller financial institutions are completely exempt; which may position them as more attractive options for credit card networks. In addition, increased competition would result in innovations in service and security, as seen following debit reform. Security enhancements are sorely needed in the credit card market as the U.S. leads the world in credit card fraud with 34% of all fraud in the world despite only accounting for 22% of the world's transaction volume.

The Credit Card Competition Act is a nuanced solution to reforming the broken credit card market. We urge you to cosponsor S. 1838 to support competition that will provide much-needed relief to retailers and their customers.

Sincerely,

A handwritten signature in black ink, appearing to read "David French". The signature is stylized and cursive.

David French  
Senior Vice President  
Government Relations

CC: Members of the U.S Senate