

## S1838: THE CREDIT CARD COMPETITION ACT (CCCA)

*Note: This PDF provides a concise overview of the key aspects of S. 1838 - The Credit Card Competition Act, ABMA's stance, and how ABMA members can help to further advocacy efforts. Additional details and updates can be obtained by subscribing to AMBA's weekly newsletter.*

Focused on introducing competition into the credit card network market, presently dominated by the Visa-Mastercard duopoly, the Credit Card Competition Act (CCCA) has stood as a key legislative priority for ABMA since its first introduction in 2022. In addressing concerns about inflation and escalating prices, the CCCA's broader impact is anticipated to positively influence consumer spending and provide relief to small businesses grappling with the financial strains associated with high transaction fees.

### What ABMA Members Should Know:

As retailers grapple with substantial swipe fees, ranking just below labor costs, their ability to invest in expansion is stifled. The year 2022 witnessed a staggering \$126.4 billion in swipe fees paid by U.S. retailers, marking a significant 20% increase from the preceding year. With a resounding 81% of consumers backing legislation aimed at fee reduction, and 73% expressing trust in small businesses over large banks for advocating fair policies, it's evident that consumer sentiment favors change.

### How the CCCA Will Help:

- **Increased Payment Options:** The act stops credit card networks from limiting the number of networks businesses can use for transactions. This gives retailers more choices, leading to better service and lower fees.
- **Routing Flexibility:** This prevents networks from controlling how transactions are routed, so businesses can choose the fastest or cheapest options. This could save retailers money and make transactions smoother.
- **Security Technology Adoption:** Under this provision, networks are unable to force businesses to use security tech that only works with one network. This encourages the adoption of security measures that work across different networks, making transactions safer for everyone.
- **National Security Considerations:** By mandating the creation of a public list identifying networks with security concerns or foreign ownership, the act aids businesses in recognizing potential threats, allowing them to make informed decisions regarding their payment collaborators.

### What ABMA Members Can Do:

- **Message Your Federal Representatives:** Take a proactive role in supporting the CCCA by engaging with your federal legislators. Use the provided [Action Alert](#) template to express your support.
- **Attend ABMA Advocacy Day in Washington, D.C.:** Your participation in this year's [ABMA Advocacy Day](#) will play a crucial role in leveraging the momentum generated during the April 9th hearing. Seize this invaluable opportunity to directly engage with policymakers and fervently advocate for the passage of the CCCA.

A more detailed overview of this legislation, including background and provisions key to ABMA members may be found on the next page. For more information and advocacy support, please contact the ABMA Government Relations Office: Francis Palasieski [fpalasieski@abmalliance.org](mailto:fpalasieski@abmalliance.org) 518-880-6376.

## S1838: THE CREDIT CARD COMPETITION ACT (CCCA)

### Background:

Focused on introducing competition into the credit card network market, presently dominated by the Visa-Mastercard duopoly, the Credit Card Competition Act (CCCA) has stood as a key legislative priority for ABMA since its first introduction in 2022. In addressing concerns about inflation and escalating prices, the CCCA's broader impact is anticipated to positively influence consumer spending and provide relief to small businesses grappling with the financial strains associated with high transaction fees.

The Credit Card Competition Act (CCCA) has emerged as a critical legislative priority amidst concerns over the significant burden imposed by credit card companies' fees on small businesses. Sponsored by U.S. Senate Majority Whip Dick Durbin (D-IL) and U.S. Senator Roger Marshall (R-KS), this bipartisan initiative aims to inject competition into the credit card network market, currently dominated by Visa and Mastercard. The CCCA seeks to alleviate the financial strain faced by merchants and consumers by fostering a more competitive and fair credit card market.

### Key Objectives:

- **Enhanced Competition:** Building upon debit card competition reforms enacted in 2010, the CCCA directs the Federal Reserve to ensure that major credit card-issuing banks offer a choice of at least two networks for electronic credit transactions, with one being a non-Visa/Mastercard network.
- **Cost Savings:** The legislation aims to save merchants and consumers an estimated \$15 billion annually by fostering competition in the credit card network market, currently dominated by the Visa-Mastercard duopoly.
- **Consumer Relief:** By introducing competitive dynamics, the CCCA aims to alleviate the burden of high credit card fees on consumers, small businesses, and retailers, addressing concerns about inflation and rising prices.

### Key Provisions:

- **Network Choice:** The CCCA requires large credit card-issuing financial institutions (those with assets over \$100 billion) to enable at least two credit card networks on their cards, with one network being a non-Visa/Mastercard option.
- **Market Competition:** The bill introduces a competitive framework by allowing merchants to choose which network to use for processing transactions, promoting better service and lower costs.
- **Consumer Impact:** By reducing excessive credit card fees, the CCCA aims to positively impact consumer spending and alleviate the financial strain on small businesses, ultimately contributing to a more competitive and fair credit card market.

### Recent Developments:

Ahead of the anticipated Senate Judiciary Committee hearing scheduled for April 9th, notable attention surrounds the CCCA. However, recent developments suggest a contentious landscape, as CEOs of major credit card companies, including Visa, Mastercard, United Airlines, and American Airlines, have [declined to testify](#). This decision underscores the opposition the CCCA faces from industry stakeholders, highlighting the challenges ahead as lawmakers deliberate on this critical legislation. Despite these hurdles, ongoing bipartisan support for the CCCA, with new cosponsors Senators Josh Hawley (R-MO) and Jack Reed (D-RI), reflects the growing momentum for reforming the credit card market.