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June 7, 2023

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

The Honorable Roger Marshall  
United States Senate  
479A Russell Senate Office Building  
Washington, D.C. 20510

Dear Senators Durbin and Marshall:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of S. 1838 the *Credit Card Competition Act of 2023*. This legislation will inject much-needed competition into the credit card processing market by allowing small businesses the freedom to choose between multiple credit card networks.

Small business owners operate on razor-thin profit margins, which have been increasingly cut into in recent years as "swipe fees" have increased. Small businesses do not have the market power to negotiate with large credit card companies on "swipe fees," which have more than doubled since 2012.<sup>1</sup> This problem has been exacerbated by consistently high inflation, which acts as a multiplier as "swipe fees" are a percentage of each sale.<sup>2</sup>

Currently, "swipe" or interchange fees are set in a closed market absent real competition. Visa and Mastercard set the interchange fee that a small business pays to a bank, even though the credit card companies are third parties. This arrangement exists in a closed, anti-competitive market free from real competition. Banks do not compete on "swipe fees," which drives up the fees for small businesses.

The *Credit Card Competition Act of 2023* allows small businesses the ability to choose between at least two credit card network options to route transactions. The legislation will harness the power of competition to give small business owners real choices when it comes to credit card processing networks. In a recent NFIB member ballot, 92% of NFIB members believe that small business owners should have the right to choose among multiple credit card processing

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<sup>1</sup> AnnaMaria Andriotis, *Visa, Mastercard Prepare to Raise Credit-Card Fees*, Wall Street Journal, March 8, 2022, <https://www.wsj.com/articles/visa-mastercard-prepare-to-raise-credit-card-fees-11646743166>.

<sup>2</sup> Holly Wade, *Small Business Economic Trends Survey*, NFIB Research Center, April 2023, <https://www.nfib.com/surveys/small-business-economic-trends/>.

networks.<sup>3</sup> Competition will force networks to compete for business the same way that small businesses must compete for customers every day.

NFIB thanks you for introducing this bill and looks forward to working with you to advance this important legislation in the 118<sup>th</sup> Congress.

Sincerely,

A handwritten signature in black ink that reads "Kevin Kuhlman". The signature is written in a cursive, slightly slanted style.

Kevin Kuhlman  
Vice President, Federal Government Relations  
NFIB

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<sup>3</sup> *Mandate*, vol. 578, NFIB Member Ballot, March 2021, *Should small businesses have the right to choose among multiple credit card processing networks?* (Yes: 92% No: 1% Undecided: 7%).