Wall Street, Monopolies, and the Case for the Credit Card Competition Act

Fighting Higher Costs by Breaking Wall Street's Market Power

Credit card issuers (big banks) and payment networks (Visa and Mastercard) are ripping off consumers and small businesses to the tune of hundreds of billions of dollars each year at a time when many Americans are scraping by. Lobby groups for this alliance of Wall Street giants will say or do almost anything to defend a system that extracts so much money. But there's a bipartisan piece of legislation that can ease the pressure on American families: the **Credit Card Competition Act**.

U.S. merchants paid a record $198.25 billion in 2025 to process credit and debit transactions, up from $187.2 billion in 2024, according to the Nilson Report, due to the dominant duopoly, Visa and Mastercard. These costs, called swipe fees, have increased by 80% since the pandemic (Click here for a state-by-state breakdown.) Banks that issue credit cards made record profits in 2025. Visa and Mastercard have profit margins of about 50%. But swipe fees are ultimately borne by consumers in the form of surcharges or higher retail prices.

The **Credit Card Competition Act** (CCCA) would make a technical change that embodies a very American value: competition. Large banks, those with over $100B in assets, would give merchants the choice to use at least one other payment network, one unaffiliated with Visa or Mastercard, for credit card transactions. Estimates suggest the legislation would knock over $17 billion off costs for merchants, a savings they can pass on to consumers.

The CCCA is **consumer protection** in crucial ways. There is almost nothing Congress could do to help reduce upward pressure on prices on almost everything people buy, but the CCCA can. Swipe fees cost the average family up to $1,800. That is nearly 4 ½ months of groceries for the average family. Also, unlike banking (large banks have profit margins near 30%), retail is a competitive, low-margin (about 5%) business, with grocery stores and food even lower (below 2%). Under those conditions, merchants would face constant pressure to pass the bulk of savings from lower swipe fees on to consumers. Competition, in short, would work for merchants and consumers.

The measure would be a lifeline for **small businesses**. Credit card fees are frequently their second-highest cost, after labor or real estate. Any small entrepreneur, anywhere in the country, will breathe fire on the subject. Some impose surcharges on the use of credit cards, others simply plead for cash. Big retailers currently pay lower swipe fees because Visa and Mastercard provide volume discounts, so reform would disproportionately benefit the small.

This legislation would also support a **diversified financial services market**, specifically small banks. The CCCA would apply to banks with assets above $100 billion, comfortably carving out community banks and all but the largest credit union. This measure would still be effective, however, because the credit card business is dominated by an oligopoly of the megabanks: JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, and Capital One, who issue 70% of all credit cards.

Greater competition would address **inequities in the current system**. A growing body of evidence shows that a customer who pays for an item with cash or uses a debit card (a group that skews poorer, and often Black or brown) subsidizes a wealthier person with a credit card who nonetheless pays the same price for the same item. New research found that interchange fees move $30 billion each year from cash and debit card users to credit card holders. The Hispanic Leadership Fund concluded that "households with income less than $75,000 per year collectively transfer over $3.5 billion to those making more than $75,000 per year" through credit cards. The rise of premium credit cards, on which merchants pay higher fees, has only amplified the problem.

The **bank lobby has employed deceptive tactics** to fight against the legislation. Just as fossil fuels companies for years knowingly lied about climate change, Wall Street has leaned into nonsensical arguments, spending up to $200 million to fight the CCCA, according to a recent report from Demand Progress. The effort includes testimonials from small businesses who took money from banks and payment networks to badmouth the CCCA, deals with influencers who have financial relationships with big banks, and misleading advertising – all aimed at conveying the (false) impression of grassroots opposition to the legislation.

A substantial part of **Wall Street's scaremongering** has involved credit card rewards – like airline miles, hotels, and rental cars. Cut interchange fees, the argument goes, and banks will have to dial back perks. But this specious reasoning assumes that banks can't provide rewards via their very substantial profit margins; money is fungible. And rewards are simply a marketing tool, like a TV ad. Finally, the bank lobby's argument ignores lived experience: other countries have slashed these fees, and yet reward programs endure.

The **political support for the CCCA** is bipartisan and includes a broad group of stakeholders. Sens. Richard Durbin (D-IL) and Roger Marshall (R-KS) are sponsors, alongside other members from both parties. In the House, Reps. Zoe Lofgren (D-CA) and Lance Gooden (R-TX). Nearly 300 merchant trade associations have endorsed the bill, as has a large group of consumer advocates, antimonopoly activists, small business groups, and labor unions. President Trump also supports the CCCA.

The time has come to reform the system through more competition. Pass the **Credit Card Competition Act**. Stand up to the financial giants of Wall Street and with consumers and small businesses.

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