

GOP-tied lobbying firm goes on the offensive against swipe fee bill with ad campaign

Article

The news: The American Free Enterprise Chamber of Commerce—led by prominent Republican figures like former Iowa Gov. Terry Branstad—is pushing back against the Credit

Card Competition Act with a seven-figure ad campaign showcasing a [world without credit card rewards](#), which opponents of the bipartisan bill argue would be the end result if it passes.

Key context: The Credit Card Competition Act would let merchants route **Visa** and **Mastercard** credit card transactions over alternative networks.

It would require that credit cards from large banks provide at least two unaffiliated networks to process credit card payments. Sens. Dick Durbin (D-IL) and Roger Marshall (R-KS) introduced the bill in July.

Why it's worth watching: The Credit Card Competition Act has been heavily debated over the last few months.

- Bill proponents say it could help lower swipe fees for merchants by creating more payment network competition. US merchants paid [\\$77.48 billion](#) in credit card swipe fees last year. Major retailers like [Walmart and Target](#) and trade groups like the **Merchants Payments Coalition** have signaled their support for the bill and other swipe fee initiatives.
- Meanwhile, bill opponents—which include large banks and payment companies—say it could hurt consumers. Although swipe fees are set by Visa and Mastercard, they primarily go to banks, which use them to fund things like security, innovation, and credit card reward systems.

Our take: Small businesses have been a major focus of the Credit Card Competition Act and similar regulatory initiatives because swipe fees might eat into a larger chunk of their end profits than larger firms. This angle may have helped build support for the bill.

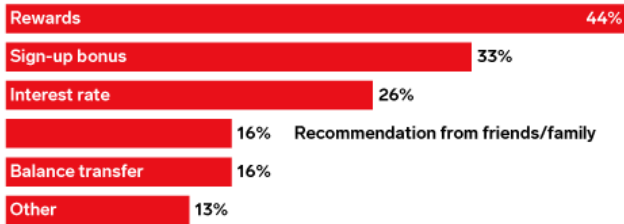
But the bill's detractors may be trying to change the public's view by shifting the focus to consumers. Using satire to take aim at how the bill could affect credit card rewards appeals to how much consumers value rewards. **Forty-four percent of US adults said rewards were their top reason for applying for a new credit card during the pandemic**, [per](#) a 2022 LendingTree survey.

The big takeaway: It's unclear whether the bill can make it through next year's divided Congress if it stalls before the holidays.

But the American Free Enterprise Chamber of Commerce's ad campaign underscores how far-reaching the bill's consequences could be: Total [credit card transaction volume](#) in the US is expected to hit **\$3.089 trillion this year**, per Insider Intelligence forecasts. That figure will increase to **\$3.152 trillion in 2023**.

Reasons US Adults Applied for a New Credit Card During the Coronavirus Pandemic, Feb 2022

% of respondents



Note: n=400 ages 18+; among those who applied for new credit cards during the coronavirus pandemic
Source: LendingTree survey conducted by Qualtrics as cited in company blog, March 8, 2022

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