

Companion credit card bill improves odds of swipe fee crackdown

Article

The news: US Reps. Peter Welch (D-VT) and Lance Gooden (R-TX) introduced the House companion to the bipartisan **Credit Card Competition Act of 2022** [introduced](#) in July by Sens. Dick Durbin (D-IL) and Roger Marshall (R-KS), per a press release.

The bill would require large banks to provide at least two unaffiliated networks to process credit card payments, and at least one must be outside the **Visa** and **Mastercard** networks.

Key context: Just last week, more than 1,600 retailers—including **Walmart** and **Target**—[signed a letter](#) that urged lawmakers to pass the Senate bill.

Retailers believe the bill will lower swipe fees by creating more payment network competition. Merchants paid a whopping [\\$77.48 billion](#) in credit card fees last year. These fees are set by Visa and Mastercard but primarily go to banks to support things like security and innovation. The **Merchants Payments Coalition** lobbied for the bill earlier this year, saying it could help lower costs for both merchants and consumers already burdened by high inflation.

But large banks and payment companies say the bill has security issues. It could increase the number of credit card transactions handled by foreign payment networks, **Electronic Payments Coalition** Chair Jeff Tassej told Bloomberg this summer. **The American Bankers Association** (ABA) [condemned](#) the House bill, calling it an effort to boost profits for large retailers like **Amazon**—an [outspoken](#) card fee critic. The ABA also said the bill could hurt tourism by eliminating the credit card rewards that many consumers use for travel.

What this means: While the Credit Card Competition Act of 2022 still has plenty of hurdles to overcome, a companion bill could accelerate the legislative process by allowing concurrent deliberations. And bipartisan support in both chambers reflects a broader desire from lawmakers to bring change to the card space.

The push for reform could have lasting implications for what has been strong credit card adoption among US consumers:

- **Digital credit card transaction volume is expected to hit \$576.20 billion this year**, up from \$493 billion in 2021, [per](#) Insider Intelligence forecasts.
- And in-store credit card transaction volume is expected to increase from \$2.319 trillion in 2021 to \$2.513 trillion this year, [per](#) [our](#) forecasts.

US lawmakers aren't the only policymakers pressuring networks on swipe fees, either: The UK Parliament [questioned](#) Visa and Mastercard on the post-Brexit spike in swipe fees earlier this summer—which both providers [blamed](#) on fraud risks and tough competition.

Which Payment Methods Have US Digital Buyers Used to Make Digital Purchases?

% of respondents, by demographic, Aug 2022

	Female	Male	18-34	35-54	55-65	Total
Credit card	62%	53%	42%	63%	68%	58%
Debit card	57%	47%	63%	54%	38%	52%
PayPal	42%	45%	43%	48%	40%	44%
Gift certificate	21%	13%	13%	15%	24%	17%
Cash	15%	15%	24%	12%	9%	15%
Apple Pay	11%	11%	20%	9%	4%	11%
Buy now, pay later/installment plan services (e.g. Afterpay, Affirm, Klarna)	13%	7%	13%	12%	5%	10%
Venmo	11%	8%	15%	10%	4%	9%
Google Pay	8%	10%	9%	12%	6%	9%
App provided by retailer (e.g., Starbucks)	7%	4%	7%	7%	3%	6%
Walmart Pay	5%	5%	8%	5%	2%	5%
Samsung Pay	2%	4%	4%	4%	1%	3%
Other electronic wallets	3%	2%	3%	3%	2%	3%
Other	2%	1%	0%	3%	1%	1%
Don't know	0%	0%	0%	0%	0%	0%
None	0%	1%	1%	1%	0%	1%

Note: in the past month/30 days

Source: "The Insider Intelligence Ecommerce Survey" conducted in Aug 2022 by Bizrate Insights, Aug 24, 2022

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