

Durbin Statement On Visa and Mastercard Settlement With U.S. Merchants To Address Swipe Fees

by Submitted by Sen. Durbin's Office
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CHICAGO – U.S. Senate Majority Whip Dick Durbin (D-IL), Chair of the Senate Judiciary Committee and the lead sponsor of the [Credit Card Competition Act](#), today

released the following statement regarding the news that Visa and Mastercard reached a settlement with U.S. merchants to lower credit interchange rates and cap those rates into 2030:

“At a time when hard-working Americans and small business owners are struggling with higher costs of everyday essentials like gas and groceries, reducing the cost of swipe fees should be welcome news. However, I fear that this deal only provides temporary concessions negotiated by a few lawyers behind closed doors.

“Today’s news solidifies that it is time to pass my bipartisan, bicameral legislation—the *Credit Card Competition Act*—to enhance competition between credit card networks and ultimately lower costs for small businesses and consumers. We need to bring real competition to the credit card industry. My bill ensures that the Visa-Mastercard duopoly ends their price gouging tactics that disproportionately hurt American families and small businesses.”

It is estimated that businesses paid more than \$100 billion in swipe fees on Visa and Mastercard branded cards in 2023 alone. In fact, swipe fees can be small businesses’ second highest cost behind only the cost of labor.

Durbin introduced the *Credit Card Competition Act of 2023* with U.S. Senator Roger Marshall, M.D. (R-KS). Their legislation would enhance competition and choice in the credit card network market which is currently dominated by the Visa-Mastercard duopoly. Building off of debit card competition reforms enacted by Congress in 2010, the bill would direct the Federal Reserve to ensure that largest credit card-issuing banks offer a choice of at least two networks over which an electronic credit transaction may be processed. The bill is estimated to save merchants and consumers \$15 billion each year.

Visa and Mastercard wield enormous market power in credit cards; according to the Federal Reserve, they account for nearly 576 million cards, or about 83 percent of general-purpose credit cards. Visa’s and Mastercard’s market power and network structure have enabled them to impose fees on U.S. merchants that are among the world’s highest. These fees include interchange fees which Visa and Mastercard require merchants to pay to issuing banks, as well as network fees that Visa and Mastercard require merchants to pay directly to them. Consumers ultimately pay for these fees in the price of the goods and services they buy.