

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 (banks) and payment networks (Visa and Mastercard) are ripping off consumers and small businesses to an extraordinary degree at a time when many Americans are scraping by amid rising prices. 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 transaction costs, known as interchange or swipe fees, have increased by 80% since the pandemic. (Click [here](#) for a state-by-state breakdown.) But banks that issue credit cards are on a tear, with five card issuers racking up profits of \$125 billion in 2025. [Visa](#) and [Mastercard](#) have profit margins of about 50 percent.

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 payment networks 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 between \$1,200 ([Nilson Report](#)) to \$1,800 ([CMSPI](#)) per year. 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 (5.61%) business, with grocery stores and food even lower (1.32%). Merchants, in short, face pressure to pass on savings.

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](#). Even worse, Visa and Mastercard set lower rates for big retailers like Walmart or Target, 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 unions. 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](#) from Harvard Business School found that interchange fees move \$30 billion each year from cash and debit card users to credit card holders, and the rise of premium credit cards, on which merchants pay higher fees, has only amplified the problem. 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. A [Federal Reserve study](#) put the regressive wealth redistribution much higher, at \$15 billion.

The **bank lobby has employed scare tactics** against the legislation and any other measure to cut swipe fees, principally around credit card rewards: 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. Also, the bank lobby’s argument ignores lived experience: other countries have slashed these fees, and yet reward programs endure.

Finally, the CCCA is just one of several measures currently under consideration to tackle the overall problem of **an expensive, inefficient payment system** that delivers massive profits to Visa, Mastercard, and big banks. [Open banking](#), a rule under consideration by the Consumer Financial Protection Bureau, has some potential to improve the system. Illinois [passed a law](#), which banks are challenging in court, that bars swipe fees on taxes and tips on the grounds that merchants do not take in this money; they merely pass it on to employees and governments. [Other states](#) are considering similar measures. Some technological developments show promise as payment tools, though the incumbents are constantly trying to co-opt them.

The **political support for the CCCA** is bipartisan and includes a broad group of stakeholders. In the Senate, Sens. Richard Durbin (D-IL) and Roger Marshall (R-KS) are sponsors. 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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