



June 7, 2023

The Honorable Dick Durbin (D-IL)  
U.S. Senate  
711 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Roger Marshall (R-KS)  
U.S. Senate  
479A Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Peter Welch (D-VT)  
U.S. Senate  
124 Russell Office Building  
Washington, D.C. 20510

The Honorable JD Vance (R-OH)  
U.S. Senate  
288 Russell Office Building  
Washington, D.C. 20510

Dear Senators Durbin, Marshall, Welch, and Vance:

On behalf of FMI – The Food Industry Association, I write with our strong endorsement of your legislation – the “Credit Card Competition Act,” to bring competition to the credit card network routing market. We greatly appreciate your leadership in introducing this legislation to bring relief to grocers, small businesses, and our customers.

As the food industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier, and more efficient consumer food supply chain. FMI brings together a wide range of members across the value chain – from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services – to amplify the collective work of the industry. FMI member companies operate over 33,000 food retail outlets and 12,000 supermarket pharmacies.

The “Credit Card Competition Act” simply requires the large banks (with over \$100 billion in assets) that issue credit cards to enable two network options to route financial data for purchases, an important reform that has been successful in maintaining some competition the debit card space and in a number of countries internationally. Unlike with debit cards, there is currently no additional option to route financial data on credit cards – it is only routed through Visa for a Visa credit card and Mastercard for a Mastercard credit card. Requiring more than one routing network or pathway would foster competition and security and redundancy – bringing down the cost of the swipe fees, increasing transparency of terms, encouraging innovative services and fraud protection, and ensuring another pathway should the one existing pathway be unavailable or clogged.

The “Credit Card Competition Act” is an important step in allowing a competitive marketplace to develop – hopefully reducing the hidden fees levied on merchants and consumers that drive up prices. Retailers pay expensive processing fees to accept cards as payments from their customers for goods and services. While the grocery industry is committed to serving all their customers, regardless of how they pay, the increase in card usage has unintended consequences on prices. In 2022, credit and debit card swipe fees cost merchants \$160.7 billion, an increase of 16.7 percent in just one year. By





comparison, grocers' profit margin is 1-2%, so these increases have to be passed along to customers. Swipe fees are currently most grocers' highest operating cost after labor and rent.

The hidden processing fees negatively impact U.S. consumers – at an average of over \$1,000 a year for an American family. The \$160.7 billion in hidden processing fees artificially drive up the price consumers pay for goods and services. Retailers are forced to incorporate these fees in their pricing decisions and sell items at the “credit card” price to cover these cost increases. The impact disproportionately hurts lower income Americans, those who rely on cash, and those who do not have access to high credit card rewards. The current credit card market leaves lower income Americans paying for bloated credit card rewards they will never enjoy.

Grocers cannot negotiate with Visa and Mastercard on terms, conditions, and fees associated with accepting these credit cards and we must accept all types of Visa and Mastercard cards without knowing the fees associated. Your legislation brings transparency to the market and provides grocers with potential negotiating power to lower our business operating costs. The bill does not cap credit card fees or set prices – there is no heavy hand of government or price fixing, just the simplest of competition – requiring two networks to coexist on credit cards just like they have been on debit cards for more than a decade.

Further, routing competition would likely bring about more security and redundancy in the credit card market. We are all very concerned about cybersecurity. Realistically, a hacker could bring down an entire credit card routing network. Without a second routing option, the entire network would be unavailable to American consumers and businesses.

The “Credit Card Competition Act” is not about picking winners or losers – it is about bringing competition, transparency, redundancy, and fairness to a marketplace that has none. Your legislation specifically exempts small and midsize community banks and credit unions, with assets less than \$100 billion, to target these reforms to the largest credit card networks and issuers in the country.

Thank you again for your leadership on this legislation. Implementing network routing competition would be a good first step in addressing the unchecked card fees and lack of transparency and competition retailers face as the condition of accepting credit cards for customer purchases.

Sincerely,

A handwritten signature in black ink that reads 'Jennifer Hatcher'.

Jennifer Hatcher  
Chief Public Policy Officer and Senior Vice President, Government & Public Affairs

