



RETAIL INDUSTRY LEADERS ASSOCIATION

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May 4, 2022

The Honorable Richard Durbin
Chair
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Committee on the Judiciary
United States Senate
Washington, D.C. 20510

Dear Chair Durbin and Ranking Member Grassley,

On behalf of the Retail Industry Leaders Association (RILA), we strongly support the decision by the Committee on the Judiciary (Committee) to focus on critical issues in the payment ecosystem. The hearing, “Excessive Swipe Fees and Barriers to Competition in the Credit and Debit Card Systems” will provide one of the first opportunities in years to concentrate on the lack of competition in the payments arena and how excessive swipe fees impact American businesses and consumers.

RILA is the U.S. trade association of the world’s largest, most innovative, and recognizable retail companies and brands. We convene decision-makers, advocate for the industry, and promote operational excellence and innovation. Our aim is to elevate a dynamic industry by transforming the environment in which retailers operate. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs, and more than 100,000 stores, manufacturing facilities, and distribution centers domestically and abroad.

Competition is a hallmark of America’s retail industry. It drives innovation and brings consumers lower prices and new products and services. However, the absence of competition in the payments ecosystem has resulted in bloated fees that every U.S. merchant pays to accept credit and debit cards. In 2021, U.S. retailers paid an astounding \$138 billion to accept electronic payments, a significant increase from 2015 when merchants paid \$83 billion, and this past year’s number is more than double what the retail community paid in 2011, \$64 billion. RILA members believe the Committee must protect consumers by ensuring that competition exists throughout the payments arena. That requires holding hearings and pursuing legislation that curtail anticompetitive business practices, remove roadblocks to innovation and ensure the ability of all retailers to improve the customer experience, unconstrained by the dominant market power of Visa and Mastercard. They consistently shape that experience to their own benefit and to the detriment of consumers. It is imperative the Committee focus on ensuring that competition among players in the payments ecosystem actually benefits American consumers, rather than seeing those benefits stifled by dominant issuing banks and the persistent duopoly of Visa and MasterCard.

Technological progress has completely eliminated any justification for competitor collaboration in the credit and debit card market. While the Committee is fully aware that Visa and Mastercard are no longer owned by their members banks, the fundamental proposition remains the same: banks do not compete for merchant acceptance of their credit and debit cards, and banks all agree to accept the same interchange fees as their competitors are receiving. Unlike the hyper-competitive retail market, there is no competition among banks in this market, and there is no regulation of the joint fees that are fixed for all issuing banks by the dominant two credit card companies. There is also no constraint on the exercise of market power that Visa and Mastercard wield, which is why this hearing today is critical.

Congress has held several hearings over the past couple of years on dominant market players touching every key vertical in the economy and RILA commends the Committee for holding this specific hearing on payment issues. Addressing the lack of competition in the payment ecosystem will benefit American consumers and Main Street businesses throughout the country. RILA looks forward to being a partner in this challenge and welcomes the opportunity to continue to work with the Committee and its members.

Sincerely,

A handwritten signature in blue ink, appearing to read "Christopher J. Quinn".

Senior Vice President, Government Affairs

