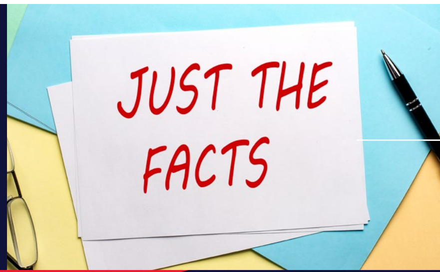
NATIONAL RESTAURANT ASSOCIATION



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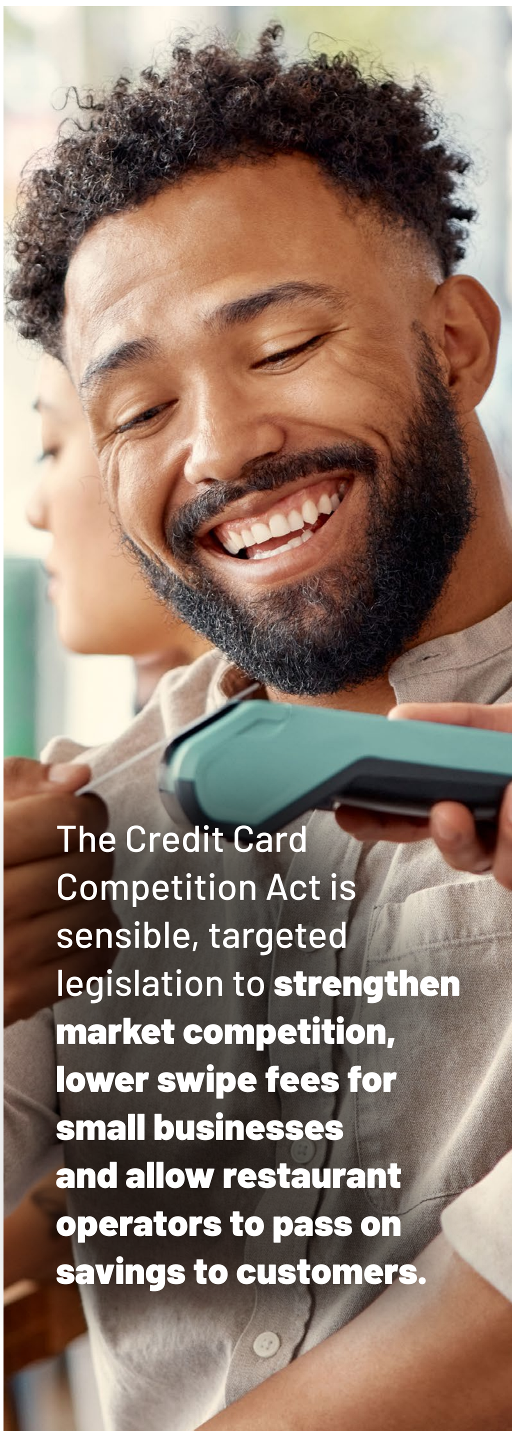
CREDIT CARD COMPETITION ACT

The Credit Card Competition Act (CCCA) would drive down the exorbitant swipe fees paid on credit card transactions by creating competition in the broken credit card processing market. It would prohibit the nation's largest banks from restricting the number of processing networks on which a credit card transaction can be processed. If passed, the CCCA will lower swipe fees, improve credit card security and service, and save U.S. businesses — including restaurants — and consumers an estimated $17 billion a year.



The Credit Card Competition Act is sensible, targeted legislation to **strengthen market competition, lower swipe fees for small businesses and allow restaurant operators to pass on savings to customers.**

FACT: The lack of competition for credit card processing has created a broken system that's unsustainable for small businesses and consumers.

- Two companies control 80% of the credit card processing market.
- Processing credit card transactions is one of the largest operating expenses for restaurants.
- U.S. credit card swipe fees are among the highest in the industrialized world.
- Swipe fees have more than doubled over the past decade, costing U.S. businesses over $187 billion in 2024 when debit cards are included, driving up prices for the average family by more than $1,200 a year.

FACT: The CCCA would benefit small businesses — like restaurants — and consumers.

- After competition was introduced into the debit card market in 2010, merchants saw more than $9 billion in savings from increased competition.
- Merchants passed on 70% of those savings to consumers through lower prices.

FACT: The CCCA would only impact the largest banks in the nation; small banks and credit unions would not be affected.

- This carefully targeted legislation only applies to financial institutions with at least $100 billion in assets.
- Similar debit card reform has helped create competition in the marketplace for small banks and credit unions.

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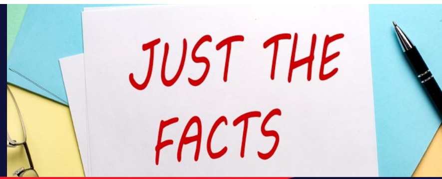

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FACT: CCCA would not eliminate credit card reward programs.

- Banks, not credit card processing networks, offer rewards, and this bill would not prevent banks from offering rewards to attract customers and influence consumer behavior.
- Banks collected $125 billion from cardholders in 2022 in annual fees, late fees, interest payments, and other fees on top of swipe fees. Yet, cardholders only earned $41.1 billion in rewards.

FACT: CCCA would improve credit card security.

- Similar debit card reform spurred new security innovations, including end-to-end encryption, which was a direct result of the increased competition between networks.
- The bill also protects against potential national security threats by preventing China Union Pay or any network sponsored or funded by a foreign government from becoming a second network on U.S. credit cards.

FACT: Restaurant operators pay for the majority of fraud losses, not banks or networks.

- Every time a card is swiped, a restaurant is pre-paying for fraud losses because swipe fees are leveraged by banks and the credit card duopoly to cover potential fraud.
- Restaurants are paying for fraud on the front-end through swipe fees and on the back end through chargebacks.
- In practice, if a card is fraudulently used at a restaurant, the operator is still responsible for the full cost of the chargeback — plus an additional fee — instead of the loss coming from swipe fees alone.

FACT: Two card networks dictate swipe fees through “fee schedules” that are adopted by hundreds of banks that issue their cards.

- Rather than competing to offer lower fees and better service, swipe fees are insulated from true market competition, leaving consumers and business owners holding the bag.
- In addition to the interchange rates that are solely established by the two card companies, the card networks earn separate “assessment” fees for the millions of credit card transactions that take place every day.
- It’s no surprise that profit margins for the two dominant networks exceed 50% while Wall Street banks can exceed 30%, which is in stark contrast to restaurants operating on a 3-5% pre-tax margin.