

ABA Welcomes Order Rejecting Proposed Visa/Mastercard Swipe Fee Settlement

WASHINGTON, June 25, 2024 – The American Booksellers Association (ABA) praised an order issued today by a federal judge that rejected a proposed class-action settlement over Visa and Mastercard credit card “swipe” fees.

“The proposed settlement was one that was very good for Visa and Mastercard, but not for Main Street retailers like our independent bookstore members,” said David Grogan, Director, Advocacy and Public Policy for ABA. “We’re grateful that the judge made the correct call, and recognized what a terrible deal this would have been for small retailers and consumers. We continue to stress that the only way to fix the broken payments market is for Congress to pass the Credit Card Competition Act.”

During a June 13 hearing on preliminary approval of the [proposed settlement](#), U.S. District Judge Margo Brodie said she was [unlikely to sign off](#), citing a number of concerns after multiple merchant trade associations, including ABA, said it would not provide sufficient relief. On Tuesday, June 25, Brodie issued a written order saying “the court finds that it is not likely to grant final approval to the settlement and accordingly denies plaintiff’s motion for preliminary settlement approval.”

Under the proposed agreement, Visa and Mastercard would have lowered credit card swipe fees – which averaged 2.26 percent of the transaction amount in 2023 – by at least four basis points (0.04 percent) for at least three years. But the settlement specifically allowed Visa and Mastercard to increase credit card network fees as much as they want at any time, wiping out any reduction in swipe fees.

Despite years of litigation, the four basis-point reduction would not come close to addressing the fact that the average swipe fee rate has grown two dozen basis points, from 2.02 percent, since 2010.

Credit and debit card swipe fees soared to a record \$172.05 billion in 2023, up from \$160.7 billion in 2022, according to the Nilson Report. They are most merchants’ highest operating cost after labor and are too much to absorb, driving up prices paid by the average family by over \$1,100 a year.

Visa and Mastercard credit card swipe fees alone have nearly quadrupled since 2010 and totaled \$100.77 billion in 2023.

Visa and Mastercard – which control 80 percent of the market – each centrally set the

swipe fees charged by banks that issue cards under their brands, and also block transactions from being processed over other networks that could do the job with lower fees and better security. The Credit Card Competition Act would require banks with at least \$100 billion in assets to enable cards they issue to be processed over at least two unaffiliated networks – Visa or Mastercard plus a competitor like NYCE, Star, Shazam or Discover.

Banks would choose which networks to enable but merchants would then decide which to use, resulting in competition over fees, security and service that is expected to save merchants and consumers [over \\$16 billion a year](#). [Rewards would not be affected](#), security would be improved, consumers would still use the same cards, and community banks and all but one credit union would be exempt.