

## Payments Policies Impacting Convenience Stores *Credit Card Competition Act of 2026 & Common Cents Act of 2025*

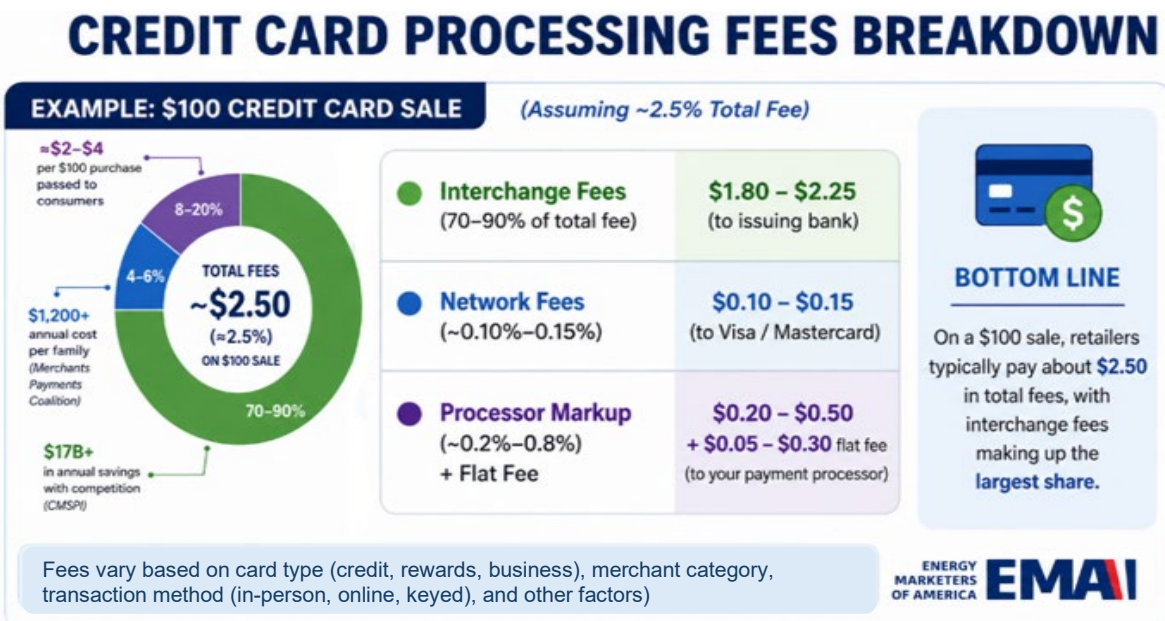
### Background

The Energy Marketers of America (EMA) urges Congress to advance payments policies that support small business convenience stores. Enactment of the *Credit Card Competition Act* will promote competition in transaction routing, lowering costs, enhancing innovation, and improving reliability in the U.S. credit card system. At the same time, the end of penny production has created unnecessary regulatory challenges for cash-reliant retailers. To address the penny shortage effectively, Congress should advance the *Common Cents Act of 2025* with clear federal preemption and authorization for rounding cash transactions to the nearest five cents.

Together, these measures will reduce compliance burdens, provide regulatory certainty, and strengthen the ability of small business convenience stores to compete in today’s challenging economic environment.

### Credit Card Competition Act of 2026 — Issue Overview and Consumer Impacts

Credit card processing fees, or “swipe fees,” have more than doubled over the past decade and now account for convenience-store merchants’ second-largest operating expense, behind only labor. U.S. retailers face some of the highest swipe fees in the world. Fees vary based on card type (credit, rewards, business), merchant category, and transaction method (in-person, online, keyed). Visa and Mastercard set the fee structure, and issuing banks follow, stifling competition and keeping processing rates high.



**“The Ask”** — EMA urges Congress to promote small business interests, foster technological innovation, and reduce costs for consumers by enacting the *Credit Card Competition Act* (S. 3623 / H.R. 7035).

## Frequently Asked Questions: Credit Card Competition Act

### **Will credit card rewards be affected by the CCCA? NO.**

The bill addresses which networks transactions are routed over for processing, which has nothing to do with rewards. Rewards are determined by banks, not networks, and are used as a marketing tool to convince consumers to choose a Visa or Mastercard card from one bank rather than another.

Furthermore, the projected savings under the CCCA are less than 10 percent of swipe fee revenues, so banks would still have plenty of profits to pay for rewards. Many retailers offer rewards of their own through loyalty programs and manage to do so even with an average profit margin of under 3 percent. By comparison, bank profit margins are the highest of any industry and more than 10 times retailers' margins — around 30%. Banks will still have plenty of funds for rewards even if they have to compete with each other in the future. In fact, banks collected \$125 billion from cardholders in 2022 in annual fees, late fees, interest payments and other fees on top of swipe fees, while cardholders only earned \$41.1 billion in rewards — an \$84 billion gross profit margin before the \$100 billion in Visa and Mastercard credit card swipe fees are factored in.

Finally, rewards have not gone away in other countries where swipe fee reform has been adopted. A decade after reform in Australia, the Reserve Bank of Australia found banks still offered “significant credit card rewards” despite Visa and Mastercard claims that rewards would go away. In fact, Australian banks even lowered interest rates, a move that benefits the average consumer far more than rewards points.

### **Will credit card security be harmed? NO.**

The bill requires that credit cards have two unaffiliated network options for routing. One could still be Visa or Mastercard, while the second could be a network like NYCE, Star or Shazam. Banks and consumers currently trust those networks with billions of dollars in debit card and ATM transactions each day. The freedom of choice and competition can also force Visa and Mastercard to improve their security protocols. In fact, Visa and Mastercard have eight times the fraud rate of the competitive debit networks on a per-transaction basis. American Express and Discover, both of which have robust security, could also serve as the second network. Competition leads to innovation in security: it was only after debit card swipe fee reform that networks began introducing end-to-end encryption of data and accelerated the adoption of EMV chip cards in the United States.

In addition, the legislation would close a glaring security gap by blocking networks supported by foreign governments — such as China's UnionPay — from entering the U.S. processing market. Currently, any bank could choose to route its credit card processing to UnionPay, effectively outsourcing consumers' sensitive financial data to a foreign government. This is a particularly serious threat because Visa and Mastercard have brought UnionPay into the security standard-setting bodies they control.

### **Will community banks and credit unions be affected? NO.**

The carefully targeted legislation applies only to financial institutions with at least \$100 billion in assets. According to the Federal Reserve, only roughly thirty banks in the entire country meet that threshold, and that list includes American Express's and Discover's issuing banks (which do not issue Visa or Mastercard cards and therefore are not affected). Only one credit union — Navy Federal — meets the \$100 billion threshold. Not a single community bank or small credit union would be affected.

### **Will retailers share savings with consumers? YES.**

The retail motor fuels market is the most competitive marketplace in the country. Retailers post their prices on large signs where a one-penny difference can determine where customers choose to fill up. The best example: cost increases reflected in the Producer Price Index for retail trade industries rose 9.4% from the time debit card reform went into effect in October 2011 through the end of 2016, while consumer-facing prices reflected in the Consumer Price Index rose only 4.3%. That spread between the higher costs merchants paid and the prices they charged consumers shows clearly that merchants shielded their customers from the majority of cost increases.

The pattern held even with elevated inflation: during 2021, the Producer Price Index rose 9.7% while the Consumer Price Index rose 7%.

**Will cards need to be reissued? NO.**

Routing is a back-office procedure in which banks share information regarding enabled networks with processors. It does not require any change to the physical card. When debit routing was debated, banks claimed they would need to reissue cards, but they did not when the routing was actually implemented. Some credit cards — Diner’s Club, for example — have used more than one network for years with no reissuance required. Even if banks chose to replace cards, credit cards are routinely reissued every two or three years as they reach their expiration dates, so the change could be phased in as part of that cycle.

**Would consumer choice be affected? NO.**

Consumers can currently choose among a wide variety of Visa and Mastercard credit cards issued by banks across the country, each offering different interest rates, rewards, cash-back options, and university or sports affinity branding. None of that will change. By contrast, neither merchants nor consumers have any choice in which networks credit card transactions are routed over today. This legislation would allow merchants to choose the networks that offer the best security, service, and fees for the benefit of their customers — bringing choice to credit card transaction routing and improving the consumer experience.

**Would free checking go away? NO.**

Banks claim the number of checking accounts without a monthly fee dropped after debit card swipe fee reform was passed by Congress, but the 11 percent drop they cite is from 2009 to 2010 — a period before debit reform took effect, and one driven by the 2007–2008 financial crisis. Debit reform did not take effect until October 2011. According to the American Bankers Association, 61 percent of banks offered free checking in 2014 — up from 50 percent in 2010. Free checking actually increased after debit reform.

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## **Penny Shortage — The Common Cents Act of 2025**

- On February 9, 2025, the Treasury Department directed the U.S. Mint to halt new penny production. The Mint announced cessation of penny-blank purchases in May 2025, and the final circulating one-cent coin was struck on November 12, 2025. Although the Federal Reserve continues to recirculate existing pennies, supply is steadily declining, and cash-reliant retailers are increasingly unable to provide exact change — creating legal uncertainty and avoidable compliance burdens for small businesses in jurisdictions that require precise cash transactions.
- The *Common Cents Act of 2025* (H.R. 3074 / S. 1525) represents a bipartisan step toward resolving the penny shortage. The House version was reported favorably by the House Financial Services Committee on July 23, 2025 by a vote of 35-13. The current draft, however, omits the legal protections retailers need when exact change is not possible.

### **“The Ask”**

- To ensure a workable transition, the legislation should include explicit federal preemption language and authorize rounding of cash transactions to the nearest five cents, effective upon enactment.
- Adding this commonsense provision will align current law with market realities, reduce compliance burdens, and ensure that small businesses can efficiently serve customers.

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