

# THE EFFECT OF INTERCHANGE REGULATION ON CREDIT CARD REWARDS:

Consumers worldwide use credit cards, but due to differences in regulatory requirements, not all have access to the same rewards and benefits as Americans. While those in favor of creating new credit card routing mandates claim that rewards would go on as usual for US consumers, the facts are that no matter the country, when unnecessary regulatory burdens are placed on consumers' cards, the rewards quickly evaporate.

## Reward Check List



### Australia

\$800 Million in Lost Rewards

Implementing an interchange cap led to a significant loss of revenue for card issuers resulting in a substantial scaleback in points programs.



### Canada

\$1.5 Billion in Lost Rewards

A 2014 government effort to drive down interchange fees resulted in a 9% reduction in yearly rewards. Further tightening in fall 2024 is expected to drive this number higher.



### EU

Elimination of Major Reward Programs and Cashback

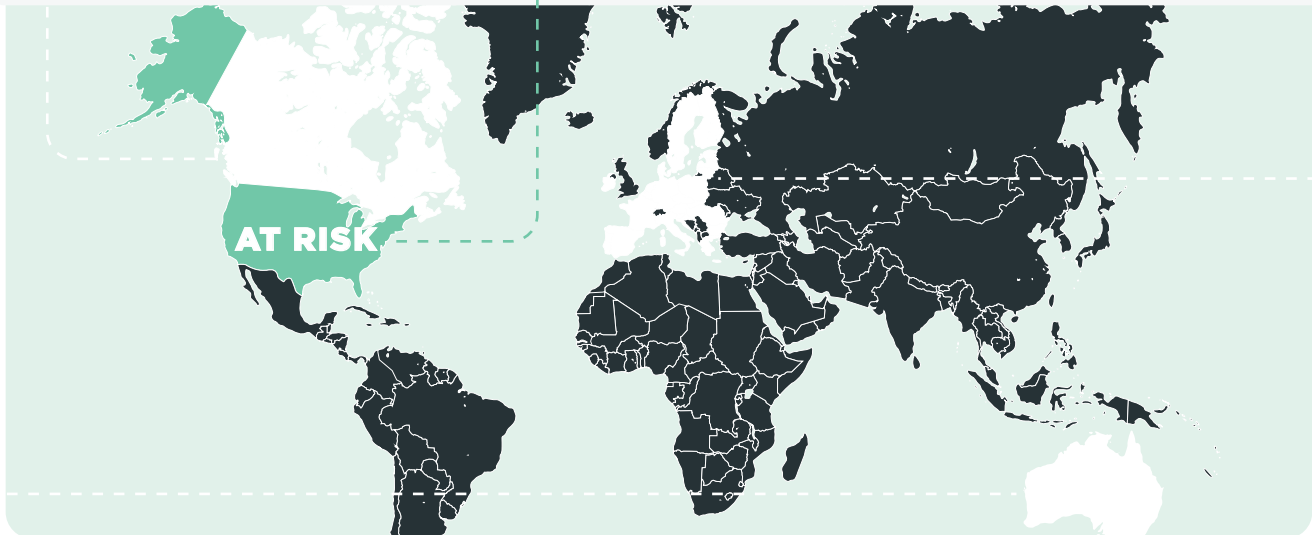
Significant interchange restrictions were implemented in 2015 and resulted in major financial institutions halving or altogether ending popular reward and cashback programs



### US

At Risk - \$11 Billion in Yearly Lost Rewards

Should proposed credit card mandates be implemented, US consumers can anticipate losing at least \$11 billion in benefits like reliable fraud protection, travel points, business rewards, and cashback.



A recent Fed study illustrates that there is no “wobble room” in credit card rewards expenses for issuers. If the CCCA becomes law, interchange revenue will fall, and issuers will be forced to cut rewards programs.

**The study found that issuers spend more on rewards, interchange processing, and fraud than they take in through interchange fees and annual fee revenue.**

If Congress passes new credit card routing mandates, the simple truth is that the revenue needed to fund reward programs will disappear, and with it, the programs that consumers and small businesses rely on.

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