

# EPC Electronic Payments Coalition

## MPC: Where The Facts Don't Matter - Part 3

The Merchants Payments Coalition is at it again. Ignoring the facts and sticking to their flawed narrative about credit cards. This time they are parroting a politically-motivated, questionably researched CFPB "report" on the value of credit card and airline reward programs.

What MPC would have you believe...

 Merchants Payments Coalition @MerchantsPymnts · 1h ...  
"Banks & airlines are taking away people's rewards," says @doug\_Kantor of MPC & @NACSONline. "If they had more competitors pushing them to do the right thing consumers would be treated better."  
[#CreditCardCompetitionAct](#) [#creditcard](#) [#swipefees](#) @PaymentsDive




From [paymentsdive.com](https://paymentsdive.com)

But staying at a [Holiday Inn Express last night](#) doesn't mean you have all the facts...

- Senior Fellow at the Jack Kemp Foundation Ike Brannon [notes](#) " consumers earned more than \$40 billion in rewards on major issuers' general-purpose credit card rewards in 2022, and the average value of rewards earned grew 15 percent from 2019 to 2022."
- Despite MPC's claims, the truth is that the credit card market is highly competitive. Consumers can compare issuers across interest rate offerings, fees, branch locations, mobile banking, and customer service, in addition to rewards. Indeed, according to the Department of Justice's preferred measure

of market concentration, the credit card issuing industry is not a concentrated market, or even a moderately concentrated market.

- Brannon also [writes](#), “From a competition perspective, the report appears to argue that regulators should take steps to reduce rewards for customers because they are “unfair” to smaller issuers who lack the scale to manage them. It doesn’t even pretend to explain how consumers would benefit.”
- Rewards cards are popular and well-understood by consumers. A Phoenix Marketing study from 2016 found that the majority of rewards cardholders (71%) find their rewards program easy to understand, and 61% reported that rewards programs have gotten easier to understand.
- The CFPB’s own study found the value of rewards has actually increased in recent years.
- Americans like their credit card reward programs and, using the CFPB’s own data from the report, of the 143 million U.S. consumers with reward credit cards, just 0.0008% filed a complaint with the CFPB. For context, the probability of being struck by lightning in one’s lifetime is roughly 8 times greater than the probability a rewards cardholder selected at random filed a complaint to the CFPB pertaining to rewards in 2023.
- Consumers across all incomes benefit from credit card rewards programs. A recent EPC study showed different income segments redeemed credit card rewards at nearly identical rates, demonstrating each group values and utilizes earned rewards at equal levels. Further, the study showed that earned rewards provide an important supplement to household income, specifically for low-to-moderate income households.



### MYTH VS. FACT: Fact-Checking the CFPB's Claims on Credit Card Rewards

**CLAIM:** “In 2023, the CFPB received over 1,200 complaints involving credit card rewards, a more than 70 percent increase over pre-pandemic levels.” (Pg. 2)

**THE FACTS:**

- The 1,200 complaints referenced represent 0.11% of the nearly 1.3 million complaints logged in CFPB’s database in 2023.<sup>1</sup>
- Indeed, compared to the roughly 143 million U.S. consumers who own a rewards credit card,<sup>2</sup> the share who filed a complaint with CFPB about rewards in 2023 is 0.0008%. For context, the probability of being struck by lightning in one’s lifetime is roughly 8 times greater than the probability a rewards cardholder selected at random filed a complaint to the CFPB pertaining to rewards in 2023.<sup>3</sup>
- While CFPB may prefer to focus on a tiny fraction of cardholder complaints because doing so aligns with its preferred narrative on the credit card market, consumer surveys consistently demonstrate that the vast majority of credit cardholders value the rewards they receive from their cards.<sup>4</sup>


**CLAIM:** “Prior CFPB research has shown that, for many borrowers, the benefits of rewards programs fail to exceed the costs of credit cards.” (Pg. 2)

**THE FACTS:**

- In reality, consumers across the income distribution greatly benefit from credit card rewards programs. A recent EPC study showed that different income segments redeemed credit card rewards at nearly identical rates, demonstrating that each group values and utilizes earned rewards at equal levels.<sup>5</sup> Further, the study showed that earned rewards provide an important supplement to household income, specifically for low-to-moderate income households.
- Moreover, credit card rewards are not intended to offset the cost of credit, nor are they marketed in this fashion to consumers. In fact, CFPB recognizes this distinction later in its report, asserting that “*the offering of rewards is a feature added on to credit cards and is not necessary for the underlying extension of credit or the processing of transactions and payments.*”<sup>6</sup> Rewards programs are an added benefit to customers for their everyday spending and help issuers generate customer loyalty.

<sup>1</sup>CFPB Complaints Database  
<sup>2</sup>CFPB (2023), “*JDS Consumer Credit Card Market*.” CFPB reports that 190 million U.S. consumers own a credit card and roughly 75% of accounts offer rewards.  
<sup>3</sup>National Weather Service, “*How Dangerous is Lightning?*”  
<sup>4</sup>Phoenix Marketing International (2016), “*2016 Credit Card Monitor Report: Credit Card Rewards, Redemption & Merchant Loyalty Programs.*”  
<sup>5</sup>EPC (2024), “*New Study Shows LMI Households Rely on Credit Card Rewards.*”  
<sup>6</sup>CFPB (2024), “*Credit Card Rewards*,” Pg. 4

**Read more of the one-pager [here](#).**



### The CFPB Attacks the Credit Card Rewards Programs Consumers Want

By the Editors

**Read more [here](#).**

## *About The Electronic Payments Coalition (EPC):*

We are the credit unions, community banks, payment card networks, and institutions that support the backbone of our economic system: electronic payments.

Click **HERE** to learn more.

---



EPC | 1747 Pennsylvania Ave NW Suite 1000 | Washington, DC 20006 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!