



May 28, 2026

Members of the General Assembly,

We write in opposition to [House Bill 2090/Senate Bill 1202](#), which would damage the electronic payments system. The proposal forces a simple tradeoff: speculative, unproven benefits in exchange for disruption to commerce, small businesses, and everyday consumers. **Redesigning critical global payments infrastructure without rigorous, real-world evidence that consumers will benefit from risks harming those it aims to help.** Passing HB 2090/SB 1202 would also isolate Pennsylvania from the global payments ecosystem and create costly friction with nationwide and international networks.

The costs of compliance with card mandates are immediate and concrete. Merchants and processors will face system upgrades (if they can even do them given that new systems would have to be invented), new reporting and reconciliation processes, and legal and operational expenses to renegotiate or rework processing agreements. These are not theoretical burdens: they require staff time, vendor work, software changes, and ongoing compliance monitoring. **By contrast, the asserted benefits—lower prices, greater consumer savings, or broad merchant relief—are largely hypothetical and unsupported by strong empirical evidence.** Policymaking grounded in certainty should not be traded for promises that have not been demonstrated at scale.

Mandated payment changes will introduce friction at the point of sale. Payment processing depends on predictable, validated flows between card issuers, acquirers, and networks; disrupting those flows increases the likelihood of declined transactions, slower authorizations, and inconsistent acceptance. Every additional second or failure at checkout reduces conversion rates and customer satisfaction. For merchants, especially those operating on thin margins, these frictions translate directly into lost revenue and will damage customer relationships.

**Small businesses will be disproportionately affected.** Unlike large national chains, local merchants lack negotiating power, in-house compliance teams, and deep technical resources. They depend on predictable costs, consistent settlement timing, and a frictionless checkout to manage tight margins and daily cash flow. **The result would be higher operating costs, the need to raise prices, or the painful choice to accept fewer payment methods, which erode their competitiveness.** Cards enable instant transactions, online commerce

and seamless cross-border payments that drive sales and help small businesses reach more customers. Without these systems, many businesses would lose out in an increasingly digital marketplace.

Take a small bakery as an example. Today a shop can accept almost any major card and move customers through the line quickly. Under these bills, that bakery could suddenly face declined transactions because agreements with certain issuers are not in place, forcing awkward conversations at the register and driving customers away as lines grow. The owner would also need to reconcile multiple interchange rates, sort exemptions, and potentially spend weekends compiling receipts to seek refunds—time that should be spent serving customers and growing the business. Over time the bakery may be forced to increase prices or reduce hours, ultimately losing customers to larger competitors that can absorb or negotiate lower costs.

Consumers will feel the impact as well. Most cardholders expect payments to be seamless and rewards to remain available; they do not want to navigate which card will work where or pay new annual fees to offset lost issuer revenue. **Card fees paid by merchants support the safety and security of the 24/7 electronic payments system and reward card usage which increases sales. Less interchange revenue could result in higher cardholder fees, reduced rewards programs, less card security and fewer product options—particularly affecting those who rely on low-fee cards or rewards to manage household budgets.** Consumers may also face situations where their preferred card is not accepted at a given merchant, undermining trust in everyday commerce and increasing the reliance on cash or fragmented payment methods. Merchants would experience lower sales.

Payments operate as an interconnected, global system that depends on consistency and predictability. Creating a patchwork of state-level rules or varied approaches to card fees and practices will dramatically increase compliance complexity for national and regional issuers and networks. **The cumulative cost of adapting to a myriad of local standards will fall on merchants, banks, and ultimately consumers.** Rather than delivering the targeted relief promised, such fragmentation risks introducing widespread inefficiencies and higher indirect costs.

Finally, some remedies already exist for merchants seeking relief from payment costs. Businesses can pursue tax treatments for certain expenses, implement cash-discount programs, or take advantage of contractual approaches that many large merchants already use. **Policymakers focused on affordability should prioritize evidence-based, narrowly scoped solutions that address real consumer pain points without destabilizing the payment infrastructure that supports commerce.**

For these reasons, we respectfully urge you to oppose HB 2090/SB 1202. If the goal is to reduce costs for consumers and small businesses, please pursue targeted, data-driven measures that preserve universal acceptance, predictable costs, and a frictionless checkout experience. **These legislative proposals serve as a windfall for the largest retailers at the expense of Pennsylvania small businesses and most importantly, your constituents.**

Thank you for your attention to this matter.