

UNFAIR CREDIT CARD FEES.COM

THE FACTS ABOUT PRICE FIXING

Card companies fix credit card interchange fees

Visa and MasterCard each separately work with their member banks collectively to set the price of interchange fees. This is illegal price-fixing and it hurts consumers and merchants. As a result there is no competition among banks that issue Visa and MasterCard credit cards, and merchants have no negotiation options regarding interchange fees under current practices.

Visa and MasterCard control the credit card market

Visa and MasterCard together account for at least 80 percent of credit and debit card purchases. This market power enables these big card companies to increase their profits year after year. The courts even had to step in to prevent Visa and MasterCard from prohibiting their member banks from issuing American Express cards.

Credit card interchange fee practices are anti-consumer

In virtually every other marketplace competition results in lower prices, but Visa and MasterCard control a system that is fundamentally anti-consumer. Because they want to encourage more banks to issue their cards, Visa and MasterCard actually compete with one another to charge higher credit card interchange fees.

Visa and MasterCard operate price-fixing cartels that violate federal antitrust laws. Antitrust authorities in the European Union and some of its member countries, New Zealand and Australia have condemned the way Visa and MasterCard fix credit card interchange fees as anti-competitive and have taken steps to bring credit card interchange fees under control.

Card companies like things the way they are

It should come as no surprise that Visa and MasterCard and their banks are opposed to more effective government oversight of the credit card business. But closer government scrutiny of credit card company policies and practices has already made Visa and MasterCard take baby steps toward more transparency for consumers and merchants. Nevertheless, much more must be done to fix this broken system of interchange fees.

