

UNFAIR CREDIT CARD FEES.com

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Small Business Advocates Call on Congress During Hearing to Crack Down on Unfair Credit Card Fees

National Retail Federation Testifies Before House Financial Services Committee Endorsing the Credit Card Interchange Fees Act, H.R. 2382

Mallory Duncan, Senior Vice President and General Counsel of the National Retail Federation (NRF) the world's largest retail trade association, and a member of the Merchants Payments Coalition (MPC), testified before the House Financial Services Committee today, calling on Congress to pass the Credit Card Interchange Fees Act, H.R. 2382, sponsored by Representatives Peter Welch (D-VT) and Bill Shuster (R-PA), to curtail the rising costs to businesses and consumers by credit card swipe fees – also known as interchange fees.

"The Welch-Shuster bill is a sober, narrow approach to the interchange fee problem," said Duncan in his testimony. "The bill simply stands for the proposition that powerful credit card companies should have to play fair and disclose prices and terms. I doubt that anything I could say would demonstrate the problems in this market and the need for reform as eloquently as the credit card industry's opposition to these basic principles. I strongly urge the Committee to pass this bill to bring some fairness to the interchange fee system,"

Mr. Duncan's testimony also debunked several myths advanced by the credit card companies and the nation's largest banks, which control 80% of the credit card market while not allowing merchants to negotiate interchange fees.

As Financial Services Committee Chairman Barney Frank noted today in his opening remarks, the big banks, Visa, and MasterCard demanded that credit card swipe fees be shielded from free market forces in the early 1980s. They won that fight and the result has been an unfair, uncompetitive system of escalating swipe fee charges, even as the actual cost of processing transactions has plummeted.

Currently, credit card companies set their rates in secret, prohibit small businesses from negotiating these rates, and then forbid merchants from sharing the information with their customers. The credit card companies' monopolistic practices have gone unchecked for years, as

their swipe fee returns have multiplied. In 2008, banks raked in \$48 billion in swipe fees, three times more than they did in 2001, all while their credit card processing costs have dropped dramatically.

Americans pay the highest swipe fee rates in the industrialized world. Forty-four countries around the world have enacted some form of swipe fee reform that has brought rates down. In fact, if U.S. swipe fees had been the same as they have been in Australia during the last four years, Americans would have seen savings of an estimated \$125 billion dollars.

During his testimony, Duncan argued for a more transparent and competitive card system that works better for consumers and merchants alike. The MPC's member associations collectively represent about 2.7 million locations and 50 million employees -- accounting for more than 60 percent of the non-automotive card based transaction volume in the United States.

For more information about credit card swipe fees, please visit <http://www.UnfairCreditCardFees.com>.

The Merchants Payments Coalition is a group of retailers, supermarkets, drug stores, convenience stores, fuel stations, on-line merchants and other businesses who are fighting against unfair credit card fees and fighting for a more competitive and transparent card system that works better for consumers and merchants alike. The coalition's member associations collectively represent about 2.7 million stores with approximately 50 million employees.

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