

Congressmen Introduce Bills Targeting Credit Card Processing Fees

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Merchants could negotiate certain credit card fees with banks, according to legislation introduced in the U.S. House of Representatives and U.S. Senate in June. H.R. 2695, introduced by House Judiciary Committee Chairman John Conyers (D-Mich.) and Rep. Bill Shuster (R-Pa.), and S. 1212, introduced by U.S. Senator Richard Durbin (D-Ill.), target the so-called "interchange" fee banks charge merchants when consumers buy goods with credit cards. These fees, advocates said, ultimately are passed on to consumers in the form of higher prices for goods and services.

Credit-card companies, generally Visa or MasterCard, set the fee percentage, which averages 1.75 percent of the total purchase, according to the House bill's sponsors. The proposed measures, referred to as the Credit Card Fair Fee Act of 2009, would allow merchants to collectively negotiate interchange fees with Visa and MasterCard and issuing banks.

National Retail Federation, a retail trade association based in Washington, D.C., applauded the legislation, saying that the fees cost the average household more than \$400 a year. NRF also said such fees are hidden from consumers, because they remain undisclosed on receipts or credit card statements.

Opponents disputed the argument that the bills will benefit consumers. In a statement, MasterCard Inc. said the proposed legislation is "part of an organized merchant campaign to shift their card acceptance costs to consumers and does not require merchants to pass on any savings to consumers if they succeed in lowering these fees."