



Merchants Say That Visa Fee Cut Is Less Than Meets the Eye

Credit card fees on gasoline might actually be higher, not lower, under new Visa program

Washington, D.C. – June 27, 2008 – Visa's announcement yesterday regarding new interchange policies on gasoline sales shows that interchange fees raise gas prices, but it's not clear what else the announcement means. If Visa is willing to admit that interchange fees are causing added pain at the pump, why won't it admit its role in rising food and other consumer prices? Interchange fees cost Americans \$42 billion last year – more than all other credit card fees combined. It inflates the cost of nearly everything consumers purchase whether they pay with plastic or cash.

"While the devil is always in the details and we haven't seen any details yet, it looks like the new structure for credit cards combines a higher fixed fee with a lower percentage fee," said NACS President and CEO Hank Armour. "The net result of this combination may actually be higher fees for those transactions under \$60 for those customers using regular Visa credit cards without a rewards program."

On debit card transactions, the cap on interchange may only apply to gasoline purchases of more than \$97.50. That is a small number of transactions – especially because Visa banks reserve the right not to give gasoline retailers anything more than \$75 on a sale.

Unfortunately, we may not know the impact for months because Visa has said this will only affect debit card transactions on gasoline in mid-July and won't affect credit card transactions until October – long after the end of the summer driving season (and the opportunity for congressional action).

While we welcome ANY recognition by Visa of the interchange fee pain, the confusion and potential negative effects of these changes might have been avoided if this were the result of a negotiation between merchants and Visa. H.R. 5546 and S. 3086, the Credit Card Fair Fee Act, would allow that to happen and ensure a market process for interchange fees with benefits to consumers throughout the country. Visa and MasterCard have a collective 80-plus percent market share and that gives them a stranglehold on retailers. The legislation would counteract that problem. Currently, rates are set in secret and the process is hidden making it practically impossible for retailers and consumers to know how much they are really paying in credit card fees, or why.

The Merchants Payments Coalition (MPC), UnfairCreditCardFees.com, 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. For further information, please visit www.unfaircreditcardfees.com