



Gas stations offer discounts for cash instead of credit cards

By Kathy Chu, USA TODAY

This year, as gas prices surged, Richard Bell mounted a sign in the station he owns: "Attention gas cash customers: FREE 16 oz. fountain drink or 12 oz. coffee with purchase of 10 gallons of gas or more."

The goal, says Bell, owner of the Market at Jodeco, in Stockbridge, Ga., was to encourage customers to pay with cash rather than a credit card. But so far, he notes ruefully, it's been a struggle. As gas prices climb ever higher, more — not fewer — consumers are using credit cards, because they don't have enough cash on hand.

STORY: [Credit card fees eat up gas station profits](#)

The offer "doesn't help that much," Bell says. "We have only a few people take us up on it."

Despite such resistance, a growing number of gas stations across the nation are launching promotions to encourage drivers to choose cash over credit. They're doing so because as gas prices rise, so do credit card fees, thereby cutting into the stations' already slim profit margins.

"In our industry," says Kent Couch, owner of two Stop and Go mini-marts in Oregon, "we operate off a few cents per gallon profit. It's always been that way."

Jeff Lenard, a spokesman for the National Association of Convenience Stores, says the promotions are a "sign of the desperation that retailers feel about their business."

Gas station owners pay processing fees for both debit card and credit card purchases. But fees for debit card transactions — especially when consumers enter a PIN for the purchase — are usually significantly lower than credit card transactions.

In Irvine, Calif., roughly 100 gas station owners and retailers rallied last week, holding signs with such messages as: "Wake Up Congress. Stop Hidden Credit Card Fees on Gas."

"In many cases, credit card fees are one of the largest expenses businesses have," says Mitch Goldstone, a retailer who organized the rally.

Sharon Gamsin, a spokeswoman for MasterCard, contends that retailers are paying higher credit card fees because of higher oil prices, despite moves by MasterCard and Visa to lower card fees at the pump. Such fees, Gamsin adds, are "only one small piece in the chain of gasoline pricing."

The banking industry, too, argues that the benefits to retailers of card payments justify the price.

Ed Yingling, chief executive of the American Bankers Association, says card transactions get customers in and out faster. Credit card payments can also save retailers money, Yingling adds, because, "if everyone came in and paid in cash, (merchants) would have to hire more people" to handle the transactions.

If merchants think fees are too high, he notes, they can encourage people to use cash, or they can choose not to accept cards.

Some gas station owners are doing exactly that — and more:

- E&C Enterprises, which owns and operates 74 gas stations in Virginia, Maryland and Washington, D.C., is distributing brochures at some sites showing how much retailers must pay on each gallon of gas in credit card fees, taxes, oil production and refining. Some stations are also offering a 5-cents-a-gallon discount for cash purchases.

- Spinx gas stations in North and South Carolina are dangling an 8-cent discount per gallon for cash and PIN-debit card purchases. Gardens A1A Texaco in Palm Beach Gardens, Fla., is offering a 6-cent discount.

"Some days, we lose money" on gas sales, says Helen Green, owner of Gardens A1A Texaco.

- About 350 gas stations across the USA now offer drivers the ability to pay with a driver's license or a store-issued card linked to their bank account.

People sign up online at the participating gas station's website, then pay for their gas by swiping the card and entering a PIN, says Joe Randazza, chief executive of National Payment Card, which provides the technology. As with a regular debit card, the money comes out of the consumer's bank account.

Fastrac Markets, which has 44 gas stations and convenience stores in Upstate New York, offers drivers a 5-cents-a-gallon discount each time they pay with the Fastrac Gasoline Discount Card, linked to their bank account.

"We're trying to defray the cost of credit cards and pass along some of the savings," says Randy Case, chief information officer for Fastrac Markets.

- Mr. Ed's Chevron in St. Albans, W.Va., has stopped accepting bank-issued credit cards altogether. The station doesn't have a convenience store, so it can't count on profits from food and drink sales to keep it afloat, says Roger Randolph, the station manager.

"We have to do this to turn a profit," Randolph says.