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No Swipe Reform This Year?

C4CC representative "disappointed" Frank may not pursue reform this year

INDIANAPOLIS -- Robert Johnson, president of Consumers for Competitive Choice (C4CC), issued a statement in response to reports that Chairman Barney Frank (D-Mass.) and the U.S. House Financial Services Committee may not pursue credit-card swipe fee reform this year:

"I was disappointed to hear reports this afternoon that Chairman Frank has decided to give up on small business owners and consumers in favor of big banks and credit card companies. But the battle is not over as Main Street will continue to fight the excesses of Wall Street and make sure our voices are heard.

"Last year, the major credit card companies and their issuing banks took more than \$48 billion in swipe fees from American consumers and businesses — most of which went to pay for rewards programs and profits. What's most hurtful to retailers and consumers are the extraordinarily high fees assessed on debit card transactions. Debit cards—also known as check cards—cost next to nothing for Visa and MasterCard to process, are completely secure, and act exactly like a check; yet small businesses and consumers have to pay over 1000% more in transaction fees than a traditional check.



- ADVERTISEMENT -



Barney Frank

"We will continue to work with Members of Congress including Chairman Dodd, members of the Senate Banking Committee, Chairman Frank, and members of the House Financial Services Committee to make sure they know the facts about these regressive and excessive interchange fees. Small business owners and consumers need credit card swipe fee reform now. Without swipe fee reform, it cannot be said that the American public is protected from the excesses of the credit card industry."

C4CC hosted a media/blogger teleconference earlier this week to launch a new report by former U.S. Under Secretary of Commerce Robert J. Shapiro entitled "The Costs of Charging It in America: Assessing the Economic Impact of Interchange Fees for Credit Card & Debit Card Transactions."

The report, coauthored by economist Jiwon Vellucci demonstrates how high credit-card swipe fees (or interchange fees) continue to impede both job creation and economic growth in the United States, at a time when our country can least afford it, the group said.

When the Credit Card Accountability Responsibility & Disclosure (CARD) Act of 2009 took effect on February 22, consumers were given much greater transparency in the way the credit-card industry calculates fees and interest rates. The reform is welcome, said C4CC, but it fails to address a critical issue facing consumers and businesses across the nation--the level of interchange fees.

C4CC said that the key findings in the report include:

- A job creation opportunity: If interchange fees were reduced to the actual cost of processing the transactions, the resulting increase in economic activity would generate almost 242,000 new jobs across the economy.
- The poor subsidize the wealthy: By providing costly credit-card rewards programs to their wealthiest clientele, banks force middle-class and poor consumers to pay unnecessarily high prices, even if they use cash.

- Overcharging America: Because interchange fees raise costs for consumers, the average American household spent more than \$230 in 2008 on interchange fees that did not reflect the transaction and processing costs for credit cards, even if they never used a credit card.

[Click here](#) to listen to the teleconference.