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Shuster and Conyers Introduce Credit Card Fair Fee Act

Washington, DC - Today, **Congressman Bill Shuster** joined House Judiciary Committee Chairman **John Conyers, Jr. (D-Mich.)** in introducing HR 2695, the "Credit Card Fair Fee Act of 2009." This legislation would allow merchants to collectively negotiate with banks for the cost of certain credit card fees, and ultimately reduce the costs of everyday goods for consumers.

For each consumer payment card purchase – at the mall, at the grocery store, at a gas station, or on the Internet – the merchant is charged a fee. As much as 90% of this fee comprises a so-called "interchange fee," which is the payment made by the merchant's bank to the consumer's bank. These fees are ultimately passed on to all consumers in the form of higher prices for goods and services. The fee percentage is set by the credit card companies, generally Visa or MasterCard, and averages 1.75% of the total purchase.

In 2008, interchange fees from these two companies totaled approximately \$48 billion, an increase of 189% since 2001. Visa and MasterCard control over 73% of the volume of transactions on general purpose cards in the United States and approximately 90% of the cards issued. Merchants are forced to deal within this system because it is simply not an option to refuse to accept Visa or MasterCard from their customers. They are presented with take-it-or-leave-it options and are not part of the process by which the fees are set.

"It is time to level the playing field for merchants and consumers," said **Conyers**. "This legislation will give merchants a seat at the table in the determination of these fees. It is not an attempt at regulating the industry and does not mandate any particular outcome. This bill simply enhances competition by allowing merchants to negotiate with the dominant banks for the terms and rates of the fees."

"I thank Chairman Conyers for his leadership in sponsoring this important legislation and I am proud to offer my support," **Shuster** said. "Many of the merchants who get hit by interchange fees are small businesses that can't absorb the charges as easily as their larger competitors. For far too long, merchants were locked out of the decision making process between banks and that needs to change. This legislation will give merchants a much needed seat at the table to negotiate a better bargain on credit card fees and charges that will help businesses and consumers alike save money."

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