

House to Hold Hearing on Credit Card Interchange Fees

One of NRF's top priorities will be addressed next week when the House Judiciary Committee's Antitrust Task Force holds the first congressional hearing of the year on the \$40 billion in credit card interchange fees charged annually to merchants and consumers by Visa, MasterCard and their member banks.

The hearing is scheduled for Thursday afternoon in Washington. Witnesses have not been officially announced, but are expected to include representatives of the retail industry, consumer groups and the credit card industry.

The hearing will be the fourth congressional session to examine credit card fees this year, and the first to focus specifically on interchange, but isn't expected to be the last. Senate Banking, Housing and Urban Affairs Committee Chairman Christopher Dodd, D-Conn., has already said he plans to hold an interchange hearing of his own, and other committees have expressed interest. The first major hearings came in 2006, when the Senate Judiciary Committee looked at whether interchange practices violate federal antitrust laws and the House Energy and Commerce Committee's Subcommittee on Commerce, Trade and Consumer Protection examined the economic impact of interchange.

Interchange is a fee averaging close to 2 percent that Visa and MasterCard banks charge every time a credit card or signature debit card is used to pay for a transaction. Visa and MasterCard collected more than \$36 billion in interchange fees last year, up 17 percent from 2005 and 117 percent since 2001. This year, the amount is expected to top \$40 billion.

Interchange is largely unknown to most consumers because Visa and MasterCard don't disclose the fee on monthly statements and prohibit merchants from disclosing it on receipts.

NRF is leading the retail industry's efforts on interchange. Among other efforts, NRF chairs the Merchants Payments Coalition, a group of close to 30 merchant trade associations working to address the issue. Details about the issue are available on the MPC web site at www.unfaircreditcardfees.com.