

## NRF Welcomes Bipartisan Support of Legislation Requiring Visa and MasterCard to Negotiate Over Hidden Interchange Fee

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The National Retail Federation today welcomed the addition of Senator Christopher 'Kit' Bond, R-Mo., as a co-sponsor of the Credit Card Fair Fee Act of 2008, saying the move shows lawmakers in both parties are increasingly concerned by hidden fees that cost the average family \$427 a year.

'The addition of Senator Bond to this bill underscores the bipartisan support for fixing this problem,' NRF Senior Vice President and General Counsel Mallory Duncan said. 'Protecting retailers and their customers from the greed of credit card companies is an issue that crosses party lines. Congress is hearing more and more often from their constituents that it's time to do something about a fee that gives a windfall profit to the credit card industry at a time when the average American is struggling to pay for groceries and to fill the tank. The public thinks it's time to do something about these fees, and members of Congress are responding.'

Bond on Tuesday became the lead co-sponsor of S. 3086, which was introduced two weeks ago by Senate Majority Whip Richard J. Durbin, D-Ill. The legislation is a companion measure to H.R. 5546, also named the Credit Card Fair Fee Act of 2008, introduced by House Judiciary Committee Chairman John Conyers, D-Mich., and Representative Christopher Cannon, R-Utah, in March. The Conyers/Cannon bill has a total of 37 other co-sponsors, including 21 Democrats and 16 Republicans.

Both the House and Senate measures would require credit card systems possessing 'substantial market power' to negotiate with merchants to reach a voluntary agreement on credit card terms and conditions. If an agreement could not be reached, both sides would be required to submit their final offers to binding arbitration by a panel of antitrust experts appointed by the Department of Justice and Federal Trade Commission.

'The lineup of sponsorship on this legislation - a powerful House committee chairman and a member of the Senate leadership as sponsors, and respected, veteran Republican lawmakers as lead co-sponsors - shows that this is a measure that has substantial weight behind it,' Duncan said. 'As Chairman Conyers said before, it doesn't look good for the credit card companies.'

At issue is credit card 'interchange,' a non-negotiable fee averaging close to 2 percent that Visa and MasterCard banks charge merchants every time a credit card or signature debit card is used to pay for a transaction. Visa and MasterCard effectively force merchants to pass the fees on to consumers by requiring them to be included in the advertised price of items and making cash discounts difficult. But interchange is largely unknown to most consumers because Visa and MasterCard keep merchants from disclosing it on receipts and don't disclose the fee on monthly statements.

According to NRF estimates, the average U.S. family will pay \$427 in hidden credit card interchange fees in 2008, up from \$378 in 2007. The amount has nearly tripled from the \$159 paid in 2001, the year NRF began tracking interchange. Total interchange collections are projected at \$48 billion this year, up from \$42 billion last year and \$16.6 billion in 2001.

The National Retail Federation is the world's largest retail trade association, with membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services. NRF represents an industry with more than 1.6 million U.S. retail companies, more than 25 million employees - about one in five American workers - and 2007 sales of \$4.5 trillion. As the industry umbrella group, NRF also represents over 100 state, national and international retail associations.

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