

[Ryan Grim, Huffington Post](#)

Navdeep Bassi is tired of sending money to Wall Street for nothing. Over the past year, the owner of four 7-Elevens in Orange County, California, has been haranguing his customers about the swipe fees he is forced to pay big banks and major credit card companies, asking them to sign a petition in opposition to the fees.

"When we told them how much we pay, they are very supportive," Bassi said as he crossed Constitution Avenue, headed for the U.S. Capitol on Thursday morning. "They keep coming back to us, asking us what is happening."

Bassi may have good news for his customers when he returns. What is happening is that a coalition of merchants are on the brink of defeating the combined lobbying muscle of Wall Street, community banks and credit unions, which enjoy a system that functions to skim the profits from small businesses across the country.

Bassi convinced 6,000 people to sign on in the store where he works most often. His four stores combined collected 11,000 signatures. In September, the merchants coalition delivered 1.7 million signatures to Washington, said Keith Jones, a top 7-Eleven lobbyist, who is escorting Bassi and two fellow 7-Eleven franchisees around the halls of Congress Thursday following a rally of more than 100 small business owners from across the country. Bassi, said Jones, pulled in more signatures than any other merchant.

The small businessmen have flown in to urge Wall Street reform conferees to support the Durbin-Welch amendment, which aims to rein in excessive debit and credit card fees. It passed with broad bipartisan support in the Senate and has solid support among House conferees, despite fierce bank opposition. The small businesses are aligned with big businesses such as Walmart, which pays out millions in fees. Big governments get cleaned out, too. A U.S. Treasury report earlier this week showed that the federal government loses more than \$116 million a year in swipe fees for credit and debit card purchases. State and local governments spend millions more for nothing. Advocates of reform say that Wall Street has persuaded the smaller banks and credit unions to do their bidding on this issue, knowing that their reputation is toxic; the small banks say they're working for their own benefit.

HuffPost checked back in with Bassi in the afternoon. "Meetings are doing very well. We're getting very good response," he said. The word is, he said, that a vote could come as early as Tuesday. 7-Eleven helped fund his trip to Washington, said Bassi, but he still spent about \$1,500 out of pocket for the trip, he said. That's chump change if Bassi can win this fight -- he pays about \$40,000 a year on swipe fees, he said.

Steve Verdier, a lobbyist with the Independent Community Bankers Association, told HuffPost that a Tuesday vote certainly seemed possible. "We are working it hard," said Verdier after meeting with House Majority Leader Steny Hoyer (who didn't indicate to the lobbyists where he stood). The merchants, said Verdier, are being disingenuous to portray it as a David versus Goliath struggle.

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"Here it's a question of merchants or banks. It's big-box merchants against community banks in many cases," he said, arguing that the fees aren't excessive. "The fees are our cost of doing business. A lot of the costs are about maintaining the network and guarding against fraud."

The battle is also being waged in the pages of Capitol Hill publications. America's Credit Unions took out a full-page ad in Politico insisting that "92 million credit union members say no to a fee on their debit card," calling for Congress to say no to the changing the swipe fee. The Ohio Credit Union League teamed with America's Credit Unions to take a separate full-page ad in the same paper going after Rep. Mary Jo Kilroy, a vulnerable freshman Democrat who is on the conference committee: "2.6 million Ohioans to U.S. Rep. Kilroy: Protect Our Debit Cards."

The merchants have their own ad in Politico sponsored by the Association for Convenience & Petroleum Retailing, urging Congress to "accept the Durbin swipe fee amendment."

Dennis Lane, a 7-Eleven franchise owner and national spokesman for Reform Swipe Fees NOW!, said the Durbin-Welch amendment would help small businesses to grow and pass savings on to their customers.

"I have owned my small business for almost four decades. Year after year, I have seen the

effect of these fees firsthand. Last year Visa and MasterCard made more off of my store than I did. And I never once saw anyone from Visa or MasterCard mopping the floor, washing the windows, or taking inventory. No -- they just want to take money from my cash register," he said. "The facts are on our side against the massive lobbying campaigns by Visa and MasterCard. All Congress needs to do now is include the provision as part of financial reform, and small businesses and consumers will see relief."

Swipe fees are on the average 2 percent of the total transaction cost that credit card companies and banks collect every time a business or organization accepts a credit or debit card as a form of payment. Transaction fees in the U.S. are the highest in the world, and have tripled in less than a decade.

Small business owners are increasingly frustrated with the amount of money they have to pay to banks and credit card companies off each transaction, which in turn causes them to raise prices on all their goods.

"Those customers who are conscious of the issue minimize their use of the card, because they know it is only going to raise prices for them in the end," said Elias Woldu, the owner of two 7-Eleven franchises in Maryland, as he waited outside Sen. Barbara Mikulski's (D-Md.) office for his meeting. "If Congress limits the amount of fees we have to pay to the credit card companies, you will see the difference in our prices."

"People will come in and use their debit cards to buy a 33-cent pack of gum, just to get cash back without having to pay an ATM fee," added Pete Gragnano, another 7/11 owner from Beltsville, Maryland. "It would be more cost-effective for us to give them that pack of gum for free, because the amount we have to pay to credit card companies exceeds the profit we make on that transaction."

The small banks and the credit unions say the fees are necessary and that the attempt by the Senate to exempt them from the legislation was well-intended but will be ineffectual. "It's kinda like, if the government said one convenience store could charge three dollars and the other one could only charge two dollars. The three-dollar one wouldn't sell much milk," said Verdier.

"The reason it won't work is twofold," said Patrick Keefe, a spokesman for the Credit Union

National Association. "Card networks are unlikely to establish a two-level interchange rate, and what would happen is that card networks would say, 'Look we're just gonna have one fee and it's gonna be the lower one, because it's a lot easier for us. So credit unions would get less interchange as a result. Two: even though the proposed law says you have to honor all cards, it doesn't say anything about a merchant looking at a card someone brings out from a union, knowing that card is gonna cost them more money, and influencing the individual to use their Wells Fargo card instead. The revenue would be much less for credit unions, and we'd either have to start imposing fees on our debit cards or drop the programs completely, which would be a shame."

Advocates of swipe-fee reform, however, say opposition is being driven by the big banks. "They've managed, essentially, to enlist our credit unions and our small banks, both of whom I support, to do their bidding," said Rep. Peter Welch (D-Vt.) the lead House advocate. "They're laying low. And yet the credit unions -- [which] have been exempted under this legislation, except for three in the whole country -- are making the case for the big banks. So this is about -- make no mistake about it -- it's really a question of whether Congress can stand up and do something to put a cop on the beat, and provide some fairness to our local merchants and consumers."

Verdier called the accusation "insulting."

"I can assure you that we come to our conclusions all by ourselves," he said. "We call the issues one issues at a time. If something we work on also helps the big banks, we'll live with that."