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Wall Street reform negotiators struck a deal Monday to regulate the swipe fees that major banks and credit card companies can charge to merchants -- costs that are passed on to consumers in the form of higher prices. The cost to merchants of using credit cards has more than doubled since 2003 even as merchants' profits have declined, a contradiction only explained by the monopolistic system that lets banks continuously raise swipe fees.

The deal, struck between Sen. Dick Durbin (D-Ill.) and key House negotiators, leaves out some elements that consumer advocates had been fighting for. It allows fees charged to reloadable, prepaid debit cards -- generally used by the poor -- to remain unregulated. And it allows an exemption for states that use debit cards to dole out benefits. But, for the first time, banks and credit card companies will face restrictions on the fees they can charge merchants for the privilege of accepting credit and debit cards. (Read a summary of the deal here.)

Last week, merchants descended on the Capitol to make the case for reform.

"This agreement is a major victory for small business owners and consumers fed up with big bank and credit card industry rip-offs," said Rep. Peter Welch, a House Democrat from Vermont who was involved with the negotiations. "It preserves key protections for the grocers, retailers and country store owners most affected by out-of-control swipe fees, while addressing legitimate concerns of the industry. I am confident this agreement will be approved by the full committee because every conferee represents small business owners who are tired of serving as a piggy bank for Visa and MasterCard."

Welch was the champion of the measure in the House; his satisfaction with the deal sends a signal to progressives about the value of the compromise.

Consumer advocates told HuffPost that, at first blush, the deal still leaves in place language that would drive down swipe fees and save consumers and merchants money.

The merchants are pleased with the compromise. "This is a good compromise. Everyone made real concessions, but this remains a positive step for small businesses and consumers. This compromise should be passed by the conference committee and the Congress as a whole," Doug Kantor, a lobbyist who represents the merchants, told HuffPost.

Still, said Kantor, some of the compromises cut deeply into the reform the merchants were looking for. "There are things that changed here that are really tough for us to take," he said. The earlier version of the measure would have allowed merchants to give discounts for using one credit card over another if it charged a lower swipe fee. The credit cards succeeding in stripping that provision and can continue to collude to block competition. Kantor called it an indefensible anti-trust violation that will be dispatched of eventually, but for now, it lives on.

The prepaid debit card exemption was designed to satisfy Russell Simmons and the Congressional Black Caucus, which worried that the earlier version of the legislation would drive prepaid debit cards out of the market and force the poor to rely instead on predatory institutions such as payday lenders.

The compromise is a win for Simmons, who owns a debit card company. Last week, Simmons sent a letter to Durbin outlining his concerns, which he also ran on HuffPost. Simmons charges consumers exorbitant fees to allow them to put their own money onto a prepaid debit card. (His card company's website lists the thicket of charges a user of his cards must pay.)

Another element of the compromise keeps authority for regulating swipe fees with the Federal Reserve, whereas the original amendment gave such authority to the consumer financial protection bureau that will be created by reform and will likely be housed with the Fed.

Durbin, in crafting the compromise, said his spokesman, worked closely with Chairmen Chris Dodd and Barney Frank, as well as Welch and Reps. Greg Meeks (D-N.Y.), Carolyn Maloney (D-N.Y.) and Luis Gutierrez (D-Ill.).

"The Congressman is pleased that we appear to have arrived at a compromise that brings fairness to our electronic payments system while avoiding unintended consequences for community banks, credit unions, and consumers," said Douglas Rivlin, a spokesman for Gutierrez.

"I'm pleased that we were able to reach an agreement which makes minor changes to strengthen consumer protections and bring competition to a market where there is none," Durbin said. "Most importantly, we've addressed the concerns of states regarding their ability to provide services to the unemployed and the concerns of small financial firms regarding their ability to provide services to the unbanked."