

[By Rep. Peter Welch](#)

In Washington, "delay" is too often code for "derail." Wink, wink. Consumers should not be fooled: The Senate bill is nothing short of a polite way of killing consumer-friendly swipe-fee reforms.

Last year, Congress passed a law that directs the Federal Reserve to set limits on debit card swipe fees that are reasonable and proportional to the cost of processing those transactions. Like most Americans, I had no idea that swipe fees charged to American businesses are the highest in the world. I was pleased to work with Sen. Dick Durbin (D-Ill.) to bring much-needed relief to small businesses and consumers in Vermont and across the country.

I represent a rural state and live in a small town. Small merchants make up the majority of Vermont's small businesses and thread our state together. It is the mom-and-pop grocers, farm-supply stores, coffee shops, bookstores and barber shops where Vermonters connect, conduct business and check in on one another. They employ local people and help our economy and our communities thrive.

It was these folks who first alerted me to the skyrocketing fees levied against them by Visa and MasterCard every time a debit or credit card is swiped. The data supports their stories.

The Federal Reserve tells us average debit card swipe fees are now 10 times the cost to banks of processing debit transactions. Many merchants actually lose money on small purchases because the swipe fees can exceed the small margin on some items.

Swipe fees have increased steadily since the introduction of debit cards 20 years ago, when there were no swipe fees at all. Merchants can't negotiate or control them. They've tried, but they have no leverage against the big banks and issuers. So they get ignored.

Swipe fees hit all of us in the wallet. Robert Shapiro, a noted economist, found in a recent study

that runaway swipe fees are affecting the prices all of us pay. They add 1 percent to 3 percent to the price of nearly everything, no matter the form of payment used. The study estimated that swipe fees cost individuals \$230 a year.

A lobbying battle is under way in Washington as card companies and big banks seek to "delay" (read: kill) these important consumer protections. If you ride the Metro or turn on a television, you can't miss the ads making erroneous claims about debit card swipe-fee reforms. And who's behind these ads? Not surprisingly, it's Visa, Master Card and the big banks.

They have good reason to fight reform. For years, they have enjoyed monopoly-pricing power over swipe fees. They've had unchecked authority to charge the highest fees in the world. That's been a pretty good deal for them. The 10 biggest banks make \$8 billion a year off debit card swipe fees alone. So for them, this is a fight worth waging. Unfortunately, they're waging it with two bogus claims.

First, they allege that debit card swipe-fee reform will hurt small community banks and credit unions. The fact is the law exempts banks and credit unions with less than \$10 billion in assets. They had legitimate concerns and Durbin addressed them up front. The banks simply wave away this truth in their campaign.

Second, they say the merchants will never pass along to consumers the savings of swipe-fee reform. That specious argument effectively translates to: "We've been doing such a good job ripping off consumers, we can't let someone else do it!"

You would think the law of competition had been repealed. It hasn't. The reality for merchants is one of brutal and relentless competition. If they can lower prices for consumers because swipe fees are finally under control, they will do so. The competitive marketplace gives them no choice.

It's time to call the Senate's Debit Interchange Study Fee Act what it is — a diversionary tactic that allows huge banks to maintain an unbalanced and unfair profit center at the expense of small businesses that are the lifeblood of communities in Vermont and throughout the country.

Roll Call: 'Welch: Don't Let Delay Kill Swipe-Fee Protections'

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Let's not let high-dollar messaging campaigns obscure the facts. And let's not fall for the old yarn that "delay" is a good thing. It's not.