With the introduction of legislation to derail debit card swipe fee reforms, the two House leaders on this issue are working to rally opposition. Reps. Peter Welch (D-Vt.) and Bill Shuster (R-Penn.) on Wednesday sent a letter to their House colleagues urging them to consider the facts when deciding on legislation that would delay important consumer protections.

The letter debunks a number of the myths behind efforts to delay and derail swipe fee reforms signed into law last year. Welch and Shuster cite the 9 congressional hearings and 3 GAO reports that have focused on this issue, the fact that most community banks are exempt from the law and the reality that US swipe fees are the highest in the world.

“Year after year, the credit card industry has extracted billions of dollars in fees from small businesses around the country,” wrote Welch and Shuster. “Visa and MasterCard cash in every time a credit or debit card is swiped, leaving small businesses and consumers to pay the tab. We urge you to keep these facts in mind when you are asked to support a delay in protections for merchants and small businesses from out-of-control debit card swipe fees.”

The full text of Welch and Shuster’s letter is copied below:

Dear Colleague,

As bankers from around the country arrive in town for their annual fly-in, we wanted you to have the facts to respond to their #1 request: Legislation to delay debit card swipe fee reform.

Here are the facts in response to their arguments:

- MYTH: This bill will simply delay Federal Reserve rulemaking so that the issue can be further studied. FACT: Make no mistake, “delay” means “derail

- MYTH: This issue has not been examined closely enough. FACT: Swipe fees have been

the focus of 9 congressional hearings and 3 GAO reports

- MYTH: Merchants do not need swipe fee relief. FACT: Swipe fees in the U.S. are the highest in the world with small businesses and merchants paying $1.3 billion ***per month*** in debit card swipe fees. Interchange fees are the second highest expense paid by most merchants next to labor expenses.

- MYTH: Swipe fee reform will hurt small banks. FACT: Swipe fee reform will ONLY impacts large banks with assets over $10 billion; most community banks are exempt from the law.
- MYTH: Merchants will pocket any savings from reform. FACT: While Visa and MasterCard have been running as a duopoly immune from competitive pressures, merchants are subject to the brutal laws of competition which assure that savings ***will*** be passed on to consumers.

Year after year, the credit card industry has extracted billions of dollars in fees from small businesses around the country. Visa and MasterCard cash in every time a credit or debit card is swiped, leaving small businesses and consumers to pay the tab.

We urge you to keep these facts in mind when you are asked to support a delay in protections for merchants and small businesses from out-of-control debit card swipe fees.

Sincerely,

PETER WELCH

BILL SHUSTER