

Merchants Payments Coalition: Debit Card Fast Facts

Fact #16: While consumers are struggling with higher gas prices at the pump, the card networks and big banks are making out like bandits since interchange rates on fuel dispensers are a percentage of the sale plus a flat fee. Implementation of debit swipe fee reforms is a step toward providing immediate gas price relief for American families.

VISA AND MASTERCARD INCREASE THEIR EXORBITANT PER GALLON FEES AS GAS PRICES RISE

PRICE PER GALLON	MASTERCARD AND VISA DEBIT	MASTERCARD AND VISA CREDIT
\$3.00	4.5 cents	6 cents
\$3.50	5.2 cents	7 cents
\$4.00	6 cents	8 cents
\$4.50	6.75 cents	9 cents
\$5.00	7.5 cents	10 cents
\$5.50	8.25 cents	11 cents
\$6.00	9 cents	12 cents
\$6.50	9.75 cents	13 cents

Ref: Petroleum Marketers Association of America estimates.

The card networks will claim they have caps on debit cards in place to prohibit fees from being too high; however, the cap is illusory because if a retailer allows a customer to pump more than \$75 in gas (which would be necessary for the cap to come into play) Visa and MasterCard have rules allowing the bank to confiscate the amount over \$75 from the retailer. This amounts to little more than theft and proves the card networks' dishonesty in setting the cap.¹

And the Federal Reserve found that most gasoline retailers get hit with 76 percent of the fraud losses on signature debit transactions.² The credit card giants claim merchants get a payment guarantee with debit, but there is no guarantee at all for gasoline retailers.

Lastly, it's important to note the Department of Energy found that for gasoline retailers, there is a 100% pass-through of costs into retail prices.³ **That means that if interchange costs go down for these merchants, it will be reflected in the price of every gallon of gasoline sold.** And every penny per gallon change in the retail price of gasoline means an additional \$3.75 million per day or \$1.38 billion each year for consumers. This is important year-round for both credit and debit card interchange fees, but at no time more so than when consumers are struggling with exorbitant gas prices at the pump.

¹ <http://usa.visa.com/download/merchants/visa-international-operating-regulations-main.pdf>. Transaction Limits - pg 396. Reason Code 96 charebacks – pg. 861

² <http://edocket.access.gpo.gov/2010/pdf/2010-32061.pdf>. Pg. 81741

³ Michael Burdette and John Zyren, *Gasoline Price Pass-through*, U.S. Department of Energy, January 2003. http://www.eia.doe.gov/pub/oil_gas/petroleum/feature_articles/2003/gasolinepass/gasolinepass.htm