

## Merchants Payments Coalition: Debit Card Fast Facts

**Fact #4: Tester and Capito bills elevate big bank profits over the health of the economy and efficiency of the payments system.**

- Neither bill bothers to study what is best for the economy as a whole.
- Neither bill bothers to study what is best for the payments system as a whole.
- Neither bill bothers to seek information about whether the Fed's rule will improve transparency and competition for debit swipe fees.
- Neither bill seeks any information on the 95,000 jobs per year that would be created through reduced interchange.
- Instead, the bills focus primarily on issuers' revenues.
- **The Capito bill even demands that the Fed rule be changed if that is better for the banks' bottom lines – regardless of whether that hurts the economy, hurts consumers, hurts small businesses or hurts job creation.**

### **Tester and Capito Bills Facilitate Price-Fixing**

- Currently, banks agree to charge the same schedule of fees for their Visa cards (and for their MasterCard). That is price-fixing.
- The Federal Reserve rule limits price-fixing among the banks but allows them to compete on their fees without regulation if they are willing to do so.
- The Tester and Capito bills enable price-fixing to continue unconstrained for two or one years rather than encouraging competition as the Fed's rule does.

### **Tester and Capito Bills Ignore Current Problems**

- Both bills ignore the many studies that have already been done which have shown consumers pay swipe fees today through increased prices, and low income consumers pay more to subsidize high income consumers.
- **Both bills ignore that consumers will pay \$1 billion more per month than they should for the entire time that Fed's rule is delayed.**
- Both bills ignore the facts about fees hurting businesses including that card fees are the second highest operating cost for most merchants and that card fees are the fastest growing business expense for U.S. merchants.

**Congress has held 9 hearings and 1 markup on this issue and GAO has issued 3 reports on it. These bills aren't written to study the issue – if so they would study how it actually operates when it goes into effect – they are written to delay so reform can be killed and banks can keep fixing prices that hurt consumers and businesses.**