

STATEMENT OF CONGRESSMAN BILL SHUSTER

BEFORE THE HOUSE OF REPRESENTATIVES COMMITTEE ON FINANCIAL
SERVICES

CREDIT CARD OVERHAUL AND H.R. 2382, THE CREDIT CARD INTERCHANGE FEE
ACT

OCTOBER 8, 2009

Thank you Chairman Frank, Ranking Member Bachus, and members of the Committee for allowing me to share information on this very important topic of interchange fees. I would also like to thank Congressman Welch for his leadership on this issue.

I believe action is needed to help level the playing field between consumers, small businesses, and credit card companies by requiring greater transparency and prohibiting unfair and abusive practices when it comes to interchange fees.

Last summer's dramatic rise in gas prices was a prime example of inflexibility by credit card companies towards merchants and consumers over the interchange fee. As fuel purchases rose above authorized transaction limits, major card companies reserved the right to repay gasoline merchants a lower price than was actually purchased, particularly on smaller transactions.

I joined with Congressman Welch to introduce H.R. 2382, to curb this type of practice. This legislation focuses heavily on transparency in the hopes of determining whether credit card companies are pursuing anti-competitive practices. It makes Interchange Fees subject to full disclosure and terms and conditions set by credit card companies easily accessible by consumers. It would also prohibit profits from Interchange Fees from being used to subsidize credit card rewards programs. Small businesses, and ultimately consumers, should not be financing perks of luxury card holders.

To put the impact of Interchange Fees into the perspective of a business take, consider the convenience store chain Sheetz as a real life example. The Sheetz Corporation, which has 363 stores in 6 states, is headquartered in my congressional district. Last year, Sheetz paid twice as much in interchange fees as they took in net income after tax. Their second largest expense, after payroll, is the interchange fee. This means that for Sheetz, the interchange fee eclipses the company's cost of rent for their 363 stores; and the interchange fee is one and a half times the cost of providing health care to their nearly 13,000 employees.

Sheetz is not alone. Sadly, it is joined by thousands of businesses across the country who are being unfairly penalized through interchange fees. Something must be done and I believe H.R. 2382 is the right vehicle for change.

Mr. Chairman, Members of the Committee, I hope you will consider the merits of this bill, as well as the serious struggle of business owners and their need for transparency, simplicity, and fairness when it comes to the issue of Interchange Fees. Thank you for having me here today.