

Opening Statement

Honorable Maxine Waters, D-35th CA

Financial Services Committee Hearing on

***“HR 2382, the Credit Card Interchange Fees Act of 2009 and
HR 3639, the Expedited CARD Reform for Consumers Act of
2009”***

October 8, 2009

Room 2128, Rayburn Building

10:00 a.m.

Thank you, Mr. Chairman and thank you for arranging this hearing. We are in the midst a recession, one that is battering consumers and crippling small businesses. Many merchants are seeing their credit being cut and their revenues being reduced. These businesspersons are working as hard as possible to control their costs and keep their companies operating.

One cost businesses cannot control, however, is interchange fees. These fees, which are paid to banks and credit card networks such as Visa and Mastercard, are charged to merchants every time a consumer uses a credit card.

Interchange fees started as a business expense, but have grown into a \$50 billion revenue stream for banks and credit card networks alike. At the same time, local businesses have seen their profits nose dive. Interchange fees have become one of the highest costs of business, and currently exceed the amount that retailers spend on energy and health care costs.

Congress needs to address how the principles of fairness and consumer protection are practiced, and how we balance the interests of private business needs against overly burdensome fees. Merchants and small businesses everywhere need our help.

Today's hearing will also address a problem that has surfaced since we passed the Credit CARD Act into law. In anticipation of tougher consumer protection standards, some banks such as Wells Fargo, have publicly announced plans to penalize consumers by raising their interest rates before the Credit CARD law can go into effect. Pushing this law's effective date up to December will end these practices.

Thank you Mr. Chairman, I yield back the balance of my time.