

From: C. Sims
Subject: Regulation Z - Truth in Lending

Comments:

"Docket No. R-1384"

Stop this now ! Please help the citizens out ! The corporations have had it too good for too long !!!!!!! They are out of control. Do something legislature !

----- Original Message -----

From: Cathy Sims
To: Ronnie Sims ; Jennifer Rose
Sent: Tuesday, April 13, 2010 10:29 AM
Subject: Fw: ACTION ALERT: Tell the Federal Reserve What You Really Think About Swipe Fees

From: The Credit Card Con
Subject: ACTION ALERT: Tell the Federal Reserve What You Really Think About Swipe Fees
To:
Date: Monday, April 12, 2010, 9:22 PM

****ACTION ALERT****

Tell the Federal Reserve What You Really Think About Swipe Fees
Major provisions of the Credit CARD Act took effect in February, and now the Federal Reserve is asking for your input. Congress has ignored the concerns of our members for too long - including excessive credit and debit card swipe fees - and now debit card swipe fees have increased again to even higher levels this month! Now is the time to tell the Federal Reserve what you really think by emailing regs.comments@federalreserve.gov on or before this Wednesday, April 14.

While there were high hopes for the Credit CARD Act, it unfortunately has not "end[ed] the days of unfair rate hikes and hidden fees," as President Obama said it would. The reality is that credit card companies have responded by taking advantage of card holders and small business owners yet again. They increased the same interest charges, late fees and new user fees that the Credit CARD Act was meant to limit. It is a history of abuses just like this that prompted our lawmakers in Washington to take action in the first place, and they didn't stop there! Since the provisions of the Credit CARD Act have taken effect, card companies have announced that the credit and debit card swipe fees that they charge merchants will increase to even higher levels this month. As a result, small businesses across the country - including many of our members - continue to suffer.

To top it all off, the credit card companies and big banks are charging extraordinarily high fees on debit card transactions even though they function as checks. Fees on debit cards can be as much as 43 times higher to process

than a paper check. How is this so? Debit transactions are really nothing more than electronic checks. This is unjustifiable.

Since Congress has yet to address this, I urge the Federal Reserve to take action. Hopefully the Federal Reserve can help to level the playing field. Debit card transactions, which are quickly replacing checks, should be treated like checks. The Federal Reserve must consider debit-at-par so debit cards are cleared at par with checks.

Executive Director Jim Conran and I have submitted our own comments, which you can read below.

Now it's your turn! Email the Fed at regs.comments@federalreserve.gov. Make sure to include "Docket No. R-1384" in the subject line.

Sincerely,

Bob Johnson, President of Consumers for Competitive Choice

"When President Obama signed the Credit CARD Act into law last May, he stated that it marked a turning point for American consumers, 'ending the days of unfair rate hikes and hidden fees.' Not surprisingly, credit card companies responded by taking advantage of card holders one last time - they increased the same interest charges, late fees and new user fees that the Credit CARD Act was meant to limit. It is a history of abuses just like this that prompted our lawmakers in Washington to take action in the first place, and they didn't stop there! Since the provisions of the Credit CARD Act have taken effect, card companies have announced that the credit and debit card swipe fees that they charge merchants will increase to even higher levels this month. As a result, small businesses across the country continue to suffer.

"The major credit card companies and their issuing banks last year took more than \$48 billion in swipe fees from American consumers and businesses - most of which went to pay for rewards programs and profits. This is not surprising since studies have shown that only 13% of swipe fees are actually needed to cover the cost of processing the transaction. It's small business owners who are suffering, as swipe fees are often the highest expense behind payroll and health care for them.

"What's even worse are the extraordinarily high fees assessed on debit card transactions. Debit cards - also known as check cards - cost next to nothing for Visa and MasterCard to process, are completely secure, and act exactly like a check; yet small businesses and consumers have to pay over 1000% more in transaction fees than a traditional check.

"I have spoken with small business owners throughout the country and the sentiment is the same - credit card swipe fees are hurting both small business and consumers. On behalf of our small business partners and other businesses across the nation, I urge the Federal Reserve to take action so that debit cards are cleared at par with checks."

--Bob Johnson

"Credit card companies and big banks are making extraordinary profits on the backs of consumers and merchants by charging unnecessarily high swipe fees. Last quarter, Visa and MasterCard combined for more than \$1 billion in profits - that's more than \$100,000 a day. Swipe fee rates are already a cash cow for big banks and credit card companies. The Credit CARD Act provided an opportunity to address these excessive fees, but unfortunately, the legislation did not. And now that the Act's provisions have taken effect it is a serious concern that these fees are going to continue to increase now that credit card companies are limited in other areas. In fact, card companies have already announced increases in swipe fee rates to take effect this month, presenting a further burden for small businesses across the country.

"Perhaps most unfortunate is that these rates are not reflective of the true cost of actually processing the transaction. As these fees eat up potential profits for small businesses, it means fewer jobs and higher prices at a time when our country can't afford either. With millions of people out of work, we can't ignore the fact that excessive interchange fees are stifling job growth on Main Streets across the country.

"Check cards are essentially electronic checks. However, despite advancements in technology, it is more expensive for merchants to process a check card transaction than it is to process a paper check, or even cash. On top of that, swipe fees for check card transactions have been steadily on the rise. The average swipe fee charged to a retailer on a \$100 check card purchase, using a PIN pad, has more than quadrupled since 2002.

"We at Consumers for Competitive Choice, and all of our small business partners, urge the Federal Reserve to examine this. Our goal is for the Federal Reserve's existing authority to clear checks would be extended to check card transactions as well."

--Jim Conran