



National Black Chamber of Commerce

October 8, 2009

The Honorable Barney Frank
Chairman, House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Frank:

The National Black Chamber of Commerce opposes H.R. 2382, the Credit Card Interchange Fees Act, because it would harm small businesses. The National Black Chamber of Commerce has 157 chapters in 41 states. We have direct reach to over 100,000 Black owned businesses and proudly represent the over one million Black enterprises doing business within the United States.

Although H.R. 2382 initially appears to be a list of “fixes” for a variety of grievances by some merchant lobbying groups, the clear intent of the bill is to arbitrarily reduce the costs of payment card acceptance for merchants—especially BigBox merchants. Such a result would harm not only consumers (in the form of higher payment card costs), but also small businesses.

If the BigBox merchant lobby is successful in artificially reducing the costs of payment card acceptance, that means the banks responsible for issuing the cards and extending credit will be forced to change their businesses to make up for the shortfall. This will produce at least two consequences. First, cardholders will pay more for payment cards and receive fewer benefits. Second, card issuers would be forced to reduce the amount of credit they extend, exacerbating the existing credit crunch.

Small business owners would be severely affected by these consequences. For example, *many of our members are small business cardholders themselves* and rely on credit cards to finance basic business operations. If merchants do not pay their fair share for payment card acceptance, small business cardholders will be forced to pay even more for credit cards than they do today. Perhaps more troubling is that small businesses will have even fewer credit cards made available to them. Small businesses are having a hard enough time finding banks willing to lend to them as it is. Congress should not pass legislation to make it even more difficult.

In addition, merchant lobbyist organizations refuse to recognize another critical issue. Specifically, if the cost of credit increases, its availability decreases. If credit availability decreases, consumer purchasing power will also decrease. This means even more reduced sales at the very merchants who are lobbying for special treatment under H.R. 2382. We do not believe that small businesses that truly understand the full impact of the legislation would support it.

For these reasons, the National Black Chamber of Commerce opposes H.R. 2382.

Sincerely,

Harry C. Alford
President/CEO