



NEWS RELEASE

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ABA SAYS JUSTICE DEPARTMENT AND FTC LETTERS MAKE STRONG CASE AGAINST INTERCHANGE LEGISLATION

WASHINGTON - The Justice Department and the Federal Trade Commission (FTC) responded to inquiries regarding their views on ABA-opposed interchange legislation, the “Credit Card Fair Fee Act,” (H.R. 5546). Both letters present strong arguments against the merchant proposed bill.

“These letters make it clear that the legislation being strongly pushed by the retailers contains provisions that are plainly anti-competitive and would violate fundamental antitrust principles,” said Edward Yingling, ABA’s president and CEO. “This legislation will hurt competition and harm consumers, plain and simple,” he said.

In its letter, the Justice Department expressed serious concerns about H.R. 5546, specifically noting that the bill may harm consumers by increasing the cost of credit and reducing rewards programs, that it establishes a “buy-side monopoly” for merchants, and that it is “essentially price-control legislation” that is likely to be inefficient and costly, thereby harming consumers.

The Justice Department letter also states that an exemption to the antitrust laws is justified only in very rare instances where fundamental free-market values are “compellingly outweighed by a clearly paramount and clearly incompatible public policy objective.”

An exemption to the antitrust laws is precisely what the merchant community is asking Congress to provide, Yingling said.

In its letter, the FTC deferred to the experience of the Justice Department in handling antitrust issues and did not directly address the merits of H.R. 5546. However, it stated that proponents of setting aside competitive forces bear a “heavy burden” of demonstrating with facts that there is a compelling need to do so.

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“The fact is the card payment system brings considerable benefits to all parties to a transaction,” said Yingling. “Merchants that choose to accept payment cards get more satisfied customers, guaranteed payment, fewer losses from bad checks and cash thefts, and improved operational efficiency. Interchange revenue is necessary to reimburse issuers for the costs associated with making these benefits available. It is a system that works and works well,” he said.

“Policymakers should heed the concerns raised by both the FTC and the Justice Department,” said Yingling. “The many benefits merchants receive from accepting payment cards come at a cost and intervening in this properly functioning market by establishing artificial interchange rates will ultimately hurt consumers.”

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[Click here to view the Justice Department letter.](#)

[Click here to view the FTC letter](#)

For more information on interchange visit www.electronicpaymentscoalition.org

The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members – the majority of which are banks with less than \$125 million in assets – represent over 95 percent of the industry's \$13.3 trillion in assets and employ over 2 million men and women.