



Electronic Payments Coalition

FOR IMMEDIATE RELEASE
June 24, 2008

Contact
Trish Wexler
(202) 288-1238
trish@electronicpaymentscoalition.org

**Department of Justice and Federal Trade Commission
Express ‘Serious Concerns’ about H.R. 5546 (the so-called “Credit Card Fair
Fee Act”)**

Bill May Actually Harm Consumers, Not Benefit Them

(Washington, DC) – In the midst of a sluggish American economy, the U.S. Department of Justice (DOJ) outlines “serious concerns” regarding H.R. 5546, a bill sponsored by Reps. Conyers and Cannon, which will legalize collusion among our nation’s largest and most profitable retailers. In a letter sent on June 23, 2008 to Representative Lamar Smith, a senior official at DOJ emphatically states that the “bill may actually harm consumers, not benefit them.”

H.R. 5546 will increase the cost of credit for consumers and reduce access to affordable credit for those who need it. The bill undermines the current electronic payment industry, which benefits consumers and retailers by offering a convenient, secure and reliable alternative to accepting cash or checks as payment.

“This is government intervention at its worst, delivering a financial windfall to the world’s largest and most profitable retailers, while leaving consumers, community banks and credit unions to pick up the tab,” said Peter Madigan, Executive Director the Electronic Payments Coalition.

The U.S. Department of Justice and Federal Trade Commission responded to a request for comment on H.R. 5546 from U.S. Representative Lamar Smith in letters this week. In separate letters, the two federal agencies that would be responsible for administrative responsibilities of the proposed legislation strongly opposed the antitrust exemption portion of the bill.

In its letter, DOJ advised Congress that “the joint negotiations among merchants exempted by the bill appear to be the type of naked collusion that the antitrust laws condemn as per se unlawful.” DOJ also noted that this action would create a slippery slope that could allow the antitrust exemption to extend beyond the electronic payments systems.

“This collective bullying by large retailers will raise their profits at the expense of consumers,” explained Madigan. “New cartels of retailers could collectively discriminate over which cards are accepted at the register, which would unfairly leave consumers with far fewer payment options.”



Electronic Payments Coalition

In Australia, the negative impact of intervention like the legislation in H.R. 5546 has already been realized. Regulators forced down card acceptance costs and retailers profited while their consumers paid higher prices for credit and received fewer benefits and rewards.

“Groups of retailers would be allowed to boycott the entire electronic payments system and force consumers to pay cash if this legislation passes, which would be a terrible outcome for American consumers who rely heavily on the use of credit and debit cards,” added Madigan.

###

About Electronic Payments Coalition

The Electronic Payments Coalition is dedicated to protecting consumer value, choice, and competition in electronic payments systems. The coalition is a broad-based group of payment card networks, financial services companies, and financial services trade associations whose primary goal is to educate policy-makers, consumers, and the media about the value of electronic payments systems — including economic growth, convenience, speed, reliability, and security — and to ensure the continued growth of global commerce by promoting consumer choice and the stability of the vast payment networks that connect millions of consumers with millions of retailers each and every day.