

THE FINANCIAL SERVICES ROUNDTABLE

Impacting Policy. Impacting People.



1001 PENNSYLVANIA AVE., NW
SUITE 500 SOUTH
WASHINGTON, DC 20004
TEL 202-289-4322
FAX 202-628-2507

E-Mail info@fsround.org
www.fsround.org

May 15, 2008

Members of the House
Judiciary Antitrust Task Force
U.S. House of Representatives
Washington, DC 20515

Dear Representative:

The Financial Services Roundtable is writing to express our opposition to H.R. 5546, *the Credit Card Fair Fee Act of 2008*. As the House Judiciary Antitrust Task Force examines this legislation, we would urge you to oppose H.R. 5546 because of the price controls it would place on a competitive market. H.R. 5546 would disrupt the competitive market, ultimately hurting consumers.

Price controls distort the market and come with unintended consequences. H.R. 5546 would create a government appointed three-member panel that could dictate the terms and rates of interchange fees, which support electronic payment systems. Interchange fees are an important component of a fee structure that helps facilitate electronic payment services that benefit both consumers and merchants.

The price controls created under H.R. 5546 would impact thousands of financial institutions, resulting in less competition. Interchange fees make it possible for more financial institutions to offer credit cards and enable competition amongst institutions of all size --consumers benefit.

H.R. 5546 by substituting government intervention for market forces will also affect the competition among payment networks, which include four established credit card networks and six debit card networks. There are no barriers to entry; there are a number of newer entrants, including PayPal, Google Debit, and RevolutionCard. There is competition amongst established networks, as well as new entrants, for market share.

Competition is benefiting consumers and consumers are increasingly choosing credit and debit cards to make purchases. This usage is due to convenience, flexibility, fraud protection, and the security of not having to carry cash.

Merchants also receive significant benefits in accepting payment cards, including prompt guaranteed payment, increased sales, and the ability to sell products worldwide over the Internet. In addition, payment card transactions eliminate the risk and costs associated

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with bounced checks and miscounted or misappropriated cash. These benefits come with a cost, which is no different than other business expenses, such as electricity or rent.

The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$66.1 trillion in managed assets, \$1.1 trillion in revenue, and 2.5 million jobs.

We appreciate the consideration of our views and would urge you to oppose H.R. 5546, *the Credit Card Fair Fee Act of 2008*.

Best regards,



Steve Bartlett
President and CEO