



May 12, 2008

Representative John Conyers, Jr.
Chairman, Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

Representative Lamar S. Smith
Ranking Member, Committee on the Judiciary
2142 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Conyers and Ranking Member Smith:

The American Financial Services Association strongly opposes H.R. 5546, The Credit Card Fair Fee Act of 2008. We are troubled by the bill's provision calling for a government-appointed panel to set interchange rates if the card networks and merchants are unable to reach a voluntary agreement. This would have the effect of imposing a government price cap on fees that should be dictated by the marketplace.

Credit card interchange fees are a fair means to compensate card issuers for their role in the electronic systems that allow consumers to pay for goods and services. As the House Judiciary Committee members and other legislators consider this bill, we ask them to think carefully about the dangerous precedent it could establish by creating a federal government entity that will impose price controls.

Unfortunately, America's consumers would be the ones to feel the heaviest burden from a bill that essentially shifts merchants' cost of doing business onto their customers. Consumers would be hurt by fewer payment options and reduced access to affordable debit and credit cards as the market would shrink to a handful of larger institutions that could continue to afford to issue credit and debit cards in a price-controlled environment.

There is no demonstrated breakdown in the marketplace, and the merchants have shown no commitment to pass along these savings to the consumers. Furthermore, merchants also would feel the ill effects of this bill if it were to pass. As noted recently by the Boston Globe's Jeff Jacoby, "Credit cards have been a boon for retailers, who know that consumers buy more when they're paying with plastic. Neither they nor their customers will be better off with Big Brother dictating interchange fees."

We ask you to halt consideration of this bill, and let the private sector, rather than the government, determine prices for electronic card transactions. Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink that reads "Bill Himpler". The signature is written in a cursive, flowing style.

Bill Himpler
Executive Vice President, Federal Government Affairs

C.C. Members of the Committee on the Judiciary, U.S. House of Representatives