

## **Rep. Peter Welch’s H.R. 2382 – “The Credit Card Interchange Fees Act” – would...**

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### **Leave consumers vulnerable and unprotected against deceptive, bait-and-switch advertising.**

Rep. Welch’s legislation would eliminate important consumer protections on how merchants are allowed to advertise their prices – restrictions that are in place expressly to protect consumers. This would allow retailers to promise one low price, then charge more – potentially a lot more – when the customer reaches the cash register. Consumers would be left unprotected, forced to pay the demanded price regardless of what was advertised – and retailers would profit unjustly from their dishonest schemes.

### **Leave consumers stranded at the checkout counter.**

Imagine getting to the front of a long line at the grocery store, only to discover that the store doesn’t accept your alma mater’s credit card. Or they won’t accept the card that donates a few cents of every purchase to your favorite charity. This legislation allows merchants to pick and choose which cards they will accept – and which cards they won’t – with no advance warning to their customers.

### **Dramatically reduce – or eliminate – the card rewards programs that are used by 80% of American households.**

H.R. 2382 would prohibit card issuers from charging a slightly higher interchange rate for rewards cards – cards that are traditionally used by customers who are proven to spend more when they shop, in turn providing greater value to merchants. Unfortunately, merchants don’t want to pay for this benefit – and the result would be far fewer rewards for American consumers who value such programs. In fact, similar regulation in Australia has resulted in a 23% reduction in the value of rewards programs for consumers there.

### **Force businesses to disclose highly confidential financial information to the public and to their competitors.**

H.R. 2382 would require every contract, rate agreement, and rule on merchant discount rates to be submitted to the Federal Reserve, which would then be responsible for publishing every bit of it. This would involve literally millions of documents, most containing highly sensitive financial information. The chaos that would result from the sheer volume of contracts – not to mention the compromised financial information – would be incredibly harmful to retailers and to financial institutions.

### **Falsely characterize interchange as a consumer fee, by requiring that it be disclosed on consumer statements.**

It’s simple: consumers don’t pay for the cost of card acceptance. It’s a cost of doing business for merchants that accept cards. Despite this clear distinction, H.R. 2382 would force card issuers to print the amount of interchange, as well as the total amount various merchants paid for each charge – an amount that varies depending on what each merchant negotiated – on consumer’s credit or debit card statements. This is nonsensical, unrealistic, and would ultimately confuse consumers and the financial decisions they make.

### **Transform the Federal Trade Commission into the Wal-Mart Protection Agency.**

H.R. 2382 would transform the Federal Trade Commission from a consumer protection agency to the Wal-Mart Protection Agency (“WMPA”). The WMPA would be charged with protecting Wal-Mart from practices designed to ensure that credit unions and community banks can compete with larger banks and offer the full range of financial products to consumers. The WMPA would ensure that Wal-Mart does not suffer needlessly while credit unions and small banks ruthlessly make payment products available to all consumers. Of course, as Wal-Mart continues to expand in the financial services space (e.g., by charging \$11 for a \$100 money transfer), maybe Wal-Mart does not want credit unions and community banks to make payment products available.