

Capito's Job-Killing Giveaway to the Big Banks

The Capito bill to delay the Federal Reserve's rule on swipe fees ignores the myriad of problems with swipe fees in order to let the nation's largest banks sweep in extra revenue. Particular problems with the bill include:

Shows Bias

- The bill presents study considerations based on bank talking points.
- The bill never seeks any information about whether the Fed rule will make the payments system more efficient.
- The bill never seeks any information about whether the Fed rule will improve competition for debit fees.
- The bill never seeks any information about whether the Fed rule will improve transparency of bank fees.
- **The bill never seeks any information about the 95,000 new jobs per year that would be created through reduced interchange.**
- The bill demands changes based on bank impacts while completely ignoring what is best for the economy as a whole. Benefits to the economy cannot be considered under the bill. **In other words, the bill demands that the Fed rule be changed in a way that hurts the economy if that is better for the banks' bottom lines.**

Ignores Current Problems

- The Capito bill ignores the many studies that have already been done which have shown:
 - Consumers pay swipe fees today through increased prices; and
 - Low income consumers pay more to subsidize high income consumers.
- **The Capito bill ignores that consumers will pay \$1 billion more per month than they should for the entire year that its delays the Fed's rule.**
- The Capito bill ignores the facts about fees hurting business.
 - Card fees are the second highest operating cost for most merchants – only labor is higher, but the fees are more than rent and utilities.
 - Card fees are the fastest growing business expense for U.S. merchants – they have been increasing faster than health care costs for the past decade.

Ignores a World of Experience

- Debit card systems around the world have a wealth of experience regarding swipe fees.
- Seven of the eight countries in the world with the highest per capita debit card usage have no swipe fees at all.
 - Their systems work better than the U.S. system and have more product and anti-fraud innovations than the United States.
- High debit swipe fees that result from banks' price fixing with card networks hurts competition, innovation and economies.
- Every nation that has investigated these questions has reformed swipe fees (or is still actively investigating).

- Visa and MasterCard voluntarily agreed to lower debit swipe fee rates in Europe to a lower rate than the Federal Reserve has proposed for the U.S.

Calls for Opinions, Not a Study

- Studies review things that are happening. The Capito bill does not do that. If the sponsors legitimately wanted a study they would have that occur once the Federal Reserve's debit rule takes effect. Then there would be something to study.
- Instead, the bill asks bank regulators to speculate on what might happen.
- Those regulators may have opinions, but they cannot study what isn't happening.
- Banking regulators also are not qualified to opine on merchants' business and impacts. There are real questions about whether they are right to study consumer impacts.