

UNFAIR CREDIT CARD FEES.COM

FACTS ABOUT HIDDEN FEES

Interchange is the biggest credit card fee you have never heard of

The credit card interchange fee is a percentage of each transaction that Visa and MasterCard and their banks collect from merchants every time a consumer uses a credit or debit card to pay for a purchase. These hidden fees drive up the cost of goods and services for all consumers, even if they don't use plastic. Hidden credit card interchange fees are costing American consumers billions of dollars every year. Visa and MasterCard each collectively fix credit card interchange fees with their member banks. Even though credit card use is at an all time high and the cost of transaction processing is going down, hidden credit card interchange fees keep going up.

Credit card interchange fees are a hidden tax on all Americans

Because the cost of the hidden credit card interchange fee has to be built into the price of everything a merchant sells, the average American household pays hundreds of dollars in interchange fees each year. Unlike other costs, the credit card interchange fee is not negotiable. Because merchants have no real option but to accept credit and debit cards, they have no choice but to include the cost of hidden credit card interchange fees in the prices they charge to all their customers.

Credit card interchange fees continue to go up

In a free market, transaction costs like credit card interchange fees should drop with volume, but instead these fees keep going up. In 2001, Visa, MasterCard and their issuing banks collected \$16.6 billion in credit card interchange fees. By 2006, these fees had increased to more than \$36 billion, more than the total paid for all other credit card fees and ATM fees combined. In a recent study, the Diamond Consulting Group found that only 13 percent of the credit card interchange fee goes for transaction processing. Interestingly, that same report concluded that nearly 35% went to profits and "miscellaneous" expenses, just about three times what is actually spent on card transaction processing.

Americans pay some of the highest credit card fees in the world. Visa and MasterCard charge Americans among the highest credit card interchange fees in the world, averaging close to two percent per transaction. The fee averages less than one percent in most other industrialized countries, such as the UK (0.7 percent) and Australia (0.50 percent). The fact that consumers in other countries are charged substantially lower credit card interchange fees than Americans shows that rates could be reduced substantially and still cover the actual cost of transaction processing.



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325 7th Street NW, Suite 1100, Washington, DC 20004 | 202-955-1400 | info@unfaircreditcardfees.com