



National Grocers Association

June 7, 2011

Vote NO on Tester and Corker Amendment to Stop Swipe Fee Reforms

To Members of the United States Senate:

On behalf of the National Grocers Association's independent community focused retail grocers and wholesalers nationwide, I am writing to urge you to strongly OPPOSE and vote NO on Senators Tester and Corker's amendment to stop the Federal Reserve's rulemaking to reform debit swipe fees. This is deceptively labeled as a compromise when in fact it is an effort to kill reform and the stop the Federal Reserve from issuing a final rule so that credit card companies and big banks can continue to raise their exorbitant fees and harm consumers and merchants.

Grocers and other small businesses nationwide have been asking Congress for over a decade to reform the unfair anti-competitive credit and debit card interchange fees and the practices that are being imposed upon merchants by the credit card companies and their largest banks. Congress did just that when it passed the law to give the Federal Reserve rulemaking authority over the credit card companies and the largest banks with assets exceeding \$10 billion.

Members of Congress, both Democrats and Republicans, have acknowledged that a problem exists and gave the Federal Reserve the authority to fix it. Now N.G.A. and its members urge you to let the Federal Reserve do its job and finish the rulemaking. After the Federal Reserve has spent the last year surveying and reviewing 11,000 public comments on the Wall Street banks abusive practices, it does not make sense to stop the Federal Reserve's rulemaking when it is on the verge of issuing final rules to reform these abusive practices and debit swipe fees.

64 bi-partisan Senators voted last year to support reform of this abusive system. Now is the time to stay the course and continue to support reform by opposing and voting NO on the Tester and Corker Amendment to stop the Federal Reserve rulemaking. A YES vote will be a vote against independent grocers and other small businesses and in favor of the continued abusive market power of the credit card companies and their largest banks.

The current law addresses the abusive practices of the credit card companies and will benefit consumers and merchants in a reasonable fashion. It gives the Federal Reserve authority to reform debit card interchange swipe fees based upon its review and rulemaking to ensure that the fees are "reasonable and proportional" to the costs incurred in authorizing, clearing, and processing the transaction. The big banks want to load every unrelated cost they can on to the shoulders of merchants and consumers, such as their costs for unwanted mailings and solicitations, rewards programs, sponsorships, and much more.

Consumers will benefit. N.G.A. members and other retail merchants compete for consumers business in the most competitive industry by being price competitive. In a contrary fashion, the credit card networks and their largest banks that control well over 80 percent of the market anti-competitively set interchange fees and increase costs to merchants and consumers. U.S. consumers and businesses pay the highest swipe fees in the world.

For every month that goes by without reform, the credit card companies and their largest banks will reap \$1 billion or more in hidden debit swipe fees out of the pockets of consumers.

Debit transactions are similar to checks in that there is no extension of credit because the funds are directly drawn from a consumer's checking account. Ever since 1916 the Federal Reserve has had regulatory authority over paper checks and similar authority has now been applied to debit transactions. **Small banks and credit unions with under \$10 billion in assets are exempt (99 percent of the banks, 99 percent of credit unions and 97 percent of thrift) and will be able to collect the same fees they are now.**

On behalf of the nation's independent retail and wholesale grocers, please support reform of this anti-competitive system by OPPOSING and voting NO on the Tester and Corker amendment. A vote on this amendment will be "key voted" by N.G.A.

Sincerely,

A handwritten signature in black ink, reading "Peter Larkin". The signature is fluid and cursive, with the first name "Peter" and last name "Larkin" clearly distinguishable.

Peter Larkin
President and CEO