



October 6, 2009

To: House Financial Services Committee

Support H.R. 2382, the Credit Card Interchange Fees Act, to help level the playing field for local businesses with credit card giants Visa and MasterCard.

The Food Marketing Institute (FMI) represents over 1,500 food retail and wholesale companies in the United States, and on behalf of our nation's grocers, we strongly encourage your support of H.R. 2382, the Credit Card Interchange Fees Act, sponsored by Representatives Peter Welch (D-VT) and Bill Shuster (R-PA).

Credit and debit card interchange fees are one of the biggest issues affecting the grocery industry and the customers we serve. The House Financial Services Committee has scheduled a hearing on this important legislation for Thursday, October 8th at 10:00 a.m. and we hope we can count on your attendance and support at the hearing. With an industry profit margin just over 1% and credit card fees of roughly 2%, these growing and unpredictable fees represent the difference between stores expanding or not, hiring additional employees or not, or staying in business or closing.

The fees are non-negotiable and represent the second highest business cost most of our members face, outpacing both health care and energy.

The Credit Card Interchange Fees Act, H.R. 2382, would address several of the anticompetitive Visa and MasterCard rules. The legislation would:

- Eliminate higher interchange fees collected on rewards cards;
- Allow merchants the option to discount for cash purchases without fear of credit card company penalties;
- Prohibit the Honor-All-Cards rule;
- Allow merchants to encourage customers to pay with alternate forms of payment;
- Allow merchants to accept cards for portions of their business (i.e. online purchases) without forcing them to accept cards at all other retail locations;
- Prohibit Reason Code 96 chargebacks;
- Allow merchants to charge a minimum amount for a card purchase;
- Require full disclosure of rates and terms to the FTC, Federal Reserve, and consumers.

Thank you very much for your consideration

Sincerely,

Jennifer Hatcher
Group Vice President,
Government Relations
Food Marketing Institute