

What They're Saying...
Benefits of Electronic Payments and Interchange

Benefits of Electronic Payments

There are, of course, advantages for merchants who accept cards. The costs of cash include the possibility of theft, by employees or others, and in some cases, the cost of transporting cash to banks. Electronic transactions make record-keeping easier.

Floyd Norris
New York Times
October 2, 2009

Customers can walk into almost any store, anywhere in the world, and use plastic to fund their purchase. Retailers, in turn, are able to offer their shoppers a variety of payment options. Those perks require networks that cost money to run.

Kimberly Palmer
U.S. News & World Report
September 29, 2009

The convenience and security afforded by going cashless are well worth the added cost of the transaction fees imposed by card-issuing banks.

Tony Zazula, Co-owner of New York cashless restaurant Commerce
WSJ Law Blog
September 11, 2009

Several large airlines have introduced "cashless cabins" in recent years, citing convenience, security and higher sales when people use plastic instead of cash to buy drinks, snacks or headphones during the flight.

Maria Aspan
American Banker
August 7, 2009

Electronic payments are safer and faster than handling cash, the risk of bounced checks is eliminated, good funds are credited to merchant accounts faster, customers are able to respond more quickly to incentives to do business when using credit or debit cards, and the growth of electronic payments has made the overall economy stronger, more efficient, and more productive. In addition, consumers have benefited from the interchange system because they, at little or no direct cost, avoid having to carry cash and have limited, if any, liability if their card is lost or stolen.

The American Bankers Association
NPN Petroleum & Convenience
September 24, 2009

Impact of Interchange Regulation

Hitting close to home in the U.S., [John] Simon [, chief manager for the payments policy department of the Reserve Bank of Australia,] also acknowledged that there was no evidence to support a frequent merchant claim about the benefits of lowered card interchange. Simon acknowledged that there was no evidence this had happened in his country...“There are so many different things that might go into a price change of 98-cent can of Coke to a 96-cent can of Coke that its impossible to say whether or not that reflected the lowered interchange rate or something else, a global economic downturn, for example.”

David Morrison
Credit Union Times
May 15, 2009

But the other side of the coin is any restrictions on revenue must be made up somewhere. If regulations and restrictions pass, credit card issuers and processors will lose significant revenue and will look to cardholders to help make up for this drop in revenue. Consumers would likely be forced to pay higher yearly fees and interest cost to make up for the lost revenue.

Bill Hardekopf, CEO of LowCards.com and author of The Credit Guidebook
FoxBusiness
October 1, 2009

No conclusive evidence exists that lower interchange fees led merchants to reduce retail prices for goods, the GAO reported. Further, some costs for card users, such as annual and other fees, have increased.

The Government Accountability Office
FoxBusiness
October 1, 2009

Regulators should be mindful that regulatory change during the midst of a credit crisis often ends with unintended consequences. Those same consumers that regulators are trying to help are actually being hurt by a vast reduction in available credit.

Meredith Whitney, CEO of Meredith Whitney Advisory Group, LLC
The Wall Street Journal
October 2, 2009

The Credit Union National Association (CUNA) has publicly stated that changing the current interchange fee structure, as some merchants, including 7-Eleven, have promoted doing, would adversely limit consumer options, competition and technological innovation.

Credit Union National Association
Press Release
October 2, 2009

Australia's recent experience with interchange price controls, for example, resulted in no tangible benefits – but plenty of added costs – for consumers down under.

John Berlau, The Competitive Enterprise Institute
September 30, 2009

The fee pays for convenience.

Kimberly Palmer
U.S. News & World Report
September 29, 2009

There is absolutely no reason to believe merchants would lower prices if interchange fees were lower.

Adam Jusko, www.IndexCreditCards.com
U.S. News & World Report
September 29, 2009

...Unless Congress is going to get into the business of setting the price of everything from lattes to licorice, the reality is this will leave the base price the same and become a surcharge for card-swiping customers. The practical effect of this legislation is that everything we buy could cost more if we use a credit or debit card rather than cash.

Ryan Ellis, Policy Director, Americans for Tax Reform
ATR Blog
October 6, 2009

About 7-Eleven's Petition Drive

It seems reasonable to think some customers may not have completely understood the issue before they signed...Just why are those fees unfair? The petition did not explain.

Floyd Norris
New York Times
October 2, 2009

In my view 7-Eleven's campaign was willfully deceptive. It invited unsuspecting consumers to petition for government regulation that will cause higher card fees and a reduction of the benefits they take for granted.

Eric Grover, Intrepid Ventures
Frederick News-Post
October 1, 2009

The big-box retailers, hiding behind some of the convenience-store folks, want to use the electronic payment system for free, which is ridiculous when they get higher sales, convenience from having to deal with cash, guaranteed payment for their services and products, and all the risk associated with credit cards gets passed onto the financial institutions.

Dan Berger, National Association of Federal Credit Unions
NACS Online
October 5, 2009

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