Legislation Details (With Text)

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Res. No. 2167

Resolution calling upon the United States Congress to pass H.R. 2695, an act that would allow merchants to collectively negotiate with credit card providers over interchange fees.

By Council Members Felder, Brewer, Comrie, Ferreras, Fidler, Gentile, Gonzalez, James, Palma, Sanders Jr., Seabrook, Weprin, Nelson and Mendez

Whereas, Interchange fees are fees that a merchant must pay to a credit card company whenever the company's card is used to make a purchase at that merchant's store; and

Whereas, Interchange fees run nearly two percent of the total purchase in the United States, higher than in any other industrialized country; and

Whereas, In addition to paying a percentage of the total sale, on every credit card purchase a merchant must also pay a flat per-transaction fee to the credit card company and an additional fee to his or her own bank; and

Whereas, In 2008, interchange fees earned credit card companies over 48 billion dollars, twice the

amount that they received for late fees that year and a 189 percent increase since 2001; and

Whereas, Visa and Mastercard recently announced 290 and 270 percent increases, respectively, to their flat per-transaction fee, a move that is expected to raise the companies' revenues by about 600 million dollars; and

Whereas, As the public continues to favor credit cards over cash, small businesses have no choice but to accept credit cards at their places of business, lest they lose customers to their competitors; and

Whereas, If a consumer's credit card is damaged and the numbers must be entered manually, or if the credit card company offers the holder certain rewards or incentives, the interchange fee a merchant must pay will often be higher; and

Whereas, The cost of accepting credit cards has become so high for merchants that some may lose money on small purchases paid for with a credit card and are therefore forced to set minimum amount for purchases made with a credit card; and

Whereas, Consumers are also bearing the cost of exorbitant interchange fees through higher retail prices; and

Whereas, With nation's top ten banks controlling 88 percent of the nation's credit card business, small businesses are at a severe disadvantage in negotiating interchange fees; and

Whereas, If passed, H.R. 2695 (Conyers) would amend antitrust laws to allow merchants who use electronic payment systems and their providers to voluntarily negotiate the rates and terms for using the system; and

Whereas, H.R. 2695 would also require that the negotiated rates and terms be consistent for all merchants and providers, and that all involved parties disclose itemized costs and access agreements; and

Whereas, The United States thrives on the survival of its small businesses, and it is imperative they be given every fair opportunity to influence the terms of their financial agreements; now, therefore, be it

Resolved; That the Council of the City of New York calls upon the United States Congress to pass H.R.

2695, an act that would allow merchants to collectively negotiate with credit card providers over interchange fees.