

Supplements Conyers and Maloney bills on credit cards

Washington, D.C. - Rep. Peter Welch (VT-AL) introduced legislation today to crack down on the credit card fees imposed on small businesses that impact consumer prices.

Welch made the announcement with Washington area retailers and a national consumer advocate. Welch authored the legislation following feedback he received in February at a roundtable on the Credit Cardholders' Bill of Rights he held in Burlington, VT.

"It's time to put a stop to the abusive practices of credit card companies. Consumers are being ripped off. Small businesses are being ripped off. Congress needs to step in and level this playing field," said Welch.

Welch added, "Consumers and merchants are already getting squeezed by higher gas and food prices. They don't need large credit card companies reaching deeper into their pockets to increase their profits."

Karen Fountain of Burke VA, owner of "Flowers 'n' Ferns" flower shop, Oren Molovinsky of Washington, DC, general manager of Mie N Yu restaurant, and Ed Mierzwinski, consumer program director for the U.S. Public Interest Research Group, joined Welch at the announcement.

Credit card interchange fees in the United States are the highest in the world, accounting for as much as 2 percent of the cost of every credit card transaction. By comparison, fees in the United States are almost three times more than in Australia (0.7 percent) and four times what consumers and businesses pay in the United Kingdom (0.5 percent).

The average American family pays an extra \$300 a year on items they purchase as a result of credit card fees. These "interchange fees" can add more than 8 cents to the price of a gallon of gas.

Welch's bill will require credit card companies to disclose their interchange rates, terms, and conditions to consumers, businesses, and the public. In addition, the bill will empower the Federal Trade Commission to review these rates and rules and prohibit any practices that violate consumer-protection or anti-competitive laws.

The bill will also allow merchants to give consumers who pay in cash a discount and bans penalties for small businesses that process only a small number of transactions.

Mierzwinski said, "If consumers understood the existence or dimensions of the hidden fees assessed by the banks and associations, they would truly rebel. Credit card companies make billions of dollars each year through interchange fees, which ultimately all consumers must pay."

Welch is also a sponsor of Rep. Carolyn Maloney's Credit Cardholders' Bill of Rights, which delineates and protects the rights of all credit cardholders, and Rep. John Conyers' Credit Card Fair Fee Act of 2008, which allows merchants to negotiate interchange rates with the credit card companies.

"It's time to end the unfair practices and misleading tactics of credit card companies and restore the fairness consumers deserve," Welch said of the legislation.

Also see: ["Welch seeks to protect consumers from predatory credit card practices"](#) from February 21, 2008.