

## **MasterCard Urges House Judiciary Committee to Stop Price Control Legislation**

**Department of Justice, Federal Trade Commission, Pentagon Federal Credit Union,  
National Black Chamber of Commerce and Southern Christian Leadership Conference  
Voice Concern over Proposed Interchange Regulation**

### **Nordstrom, Inc., a Major Merchant, Joins Opposition to H.R. 5546**

*Purchase, NY, July 15, 2008* – As the House Judiciary Committee meets tomorrow to consider a mark up of H.R. 5546, the “Credit Card Fair Fee Act of 2008,” MasterCard urges it to consider the many credible organizations and regulatory bodies that have voiced significant concerns about this legislation.

In addition to criticism from the Department of Justice and the Federal Trade Commission, the Pentagon Federal Credit Union, Black Chamber of Commerce and Southern Christian Leadership Conference have publicly opposed this legislation because they believe it will harm their constituents.

Nordstrom, Inc., a major retailer, also expressed opposition to the legislation. Kevin Knight, Executive Vice President, told the Judiciary Committee in a letter that Nordstrom believes that interchange fees represent “a fair price for the services we receive,” adding that “we prefer market competition to regulation.”

In a letter to U.S. Rep. John Conyers (D-MI), the Pentagon Federal Credit Union shared its concern over the legislation, which it believes would increase costs and decrease card awards programs for its members, while merchants pocket the savings. Further, the letter underscores that “government controls involving the establishment of a very complex pricing regime would in our estimation more advantageously be informed by America’s free market system.”

The National Black Chamber of Commerce (NBCC), in another letter to Rep. Conyers and U.S. Rep. Christopher Cannon (R-UT), voices “grave concerns” about the bill which it believe would “hinder the ability of our members to continue to be successful in the market place.” Further, they believe that the bill “circumvents a competitive free-market process on which our members rely.”

Similarly, in a letter to U.S. Rep. Hank Johnson (D-GA), the Southern Christian Leadership Conference (SCLC) states that if passed, the bill would “raise interest rates for credit card holders, harm local businesses and threaten community-based banks.” The SCLC also

emphasizes that “consumers, local business and neighborhood financial institutions in low- and middle-income communities could all suffer.”

The NBCC and SCLC underscore that the legislation would help large merchants achieve an even more significant competitive advantage, while hindering smaller retailers. The SCLC states that the effects of this would be “disastrous” for its constituents. The NBCC and SCLC also emphasize that this legislation would negatively impact the ability of credit unions and community banks to provide services to the huge segments of society that they serve.

The Department of Justice (DOJ), in a letter to U.S. Rep. Lamar Smith (R-TX), wrote that the establishment of the three-judge electronic payments panel raises constitutional concerns, that it would harm competition and consumers, and “cannot replicate the flexibility that is found in the free market.”

The DOJ stated that granting an antitrust exemption to merchants would “appear to be the type of naked collusion that the antitrust laws condemn as per se unlawful because such conduct lacks plausible benefits to competition.”

MasterCard believes there is no need for government intervention, and that it would be inappropriate for the U.S. government to set prices and negotiate the terms of contracts for private commercial entities, or enable merchants to negotiate in coercive and collusive ways that would violate the antitrust laws.

“Such policy decisions in the past have proven to be unworkable, unpopular and detrimental to the free market economy,” said Noah J. Hanft, MasterCard General Counsel and Chief Franchise Officer. “There is no evidence that demonstrates that price controls or antitrust exemptions will result in savings passed along to consumers. To the contrary, we believe such moves will hurt consumers through higher fees and fewer benefits when they choose to use their payment cards.”

MasterCard will continue to work with our customers and other industry organizations, to help members of Congress enhance their understanding of how interchange brings benefits to millions of consumers and merchants around the world.

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