



VIA FACSIMILE

July 15, 2008

The Honorable John Conyers
Chairman, House Committee on the Judiciary

The Honorable Lamar Smith
Ranking Member, House Committee on the Judiciary

Dear Chairman Conyers and Ranking Member Smith:

On behalf of the National Bankers Association, a national organization that serves as the advocate for the nation's minority and women-owned banks, we are contacting you to express our opposition to H.R. 5546, the Credit Card Fair Fee Act, and to urge you to postpone consideration of the bill.

The NBA membership serves distressed communities plagued by many social and economic problems, and are deeply committed to providing employment opportunities, entrepreneurial capital and economic revitalization in neighborhoods which often have little or no access to alternative financial services.

We are extremely concerned that the proposed legislation will have a significant negative impact on our membership, reducing our members' ability to offer products and services to customers and local merchants at competitive rates. The legislation would dramatically increase the cost of community financial institutions participating in the electronic payment system, pricing many out of the business. Since our members often serve as the acquiring bank for smaller merchants, driving the financial partner away will make it too costly for smaller merchants to accept credit and debit cards, putting them at a competitive disadvantage with respect to their larger counterparts.

Government intrusion into this system will interfere with the market; the proposed legislation represents an unprecedented antitrust exemption that will no doubt have unintended consequences. We are greatly concerned about the possibility of the largest retailers in the world being granted such an exemption, as we simply do not understand how that will benefit smaller financial institutions, smaller retailers, and consumers.

Our members are able to bring credit and debit card services to their retail and commercial customers in large part because of the interchange fee, which covers many of the costs associated with operating a credit and debit card operation. The interchange fee simply reflects the cost of doing business with credit and debit cards. We currently have a fully-functioning system, where consumers can make purchases using a credit or debit card at nearly any retailer and where the retailer is essentially guaranteed payment. Financial institutions and merchants, large and small, enjoy the benefits of this system and consumers are guaranteed a variety of payment options that meet their needs.

We appreciate your interest in ensuring that the market is truly competitive. However, we strongly believe that the approach taken by this legislation will undermine the current market. We urge you to delay consideration of this measure and reconsider the proposal, which we believe will cause significant harm to our membership and will raise costs to consumers.

Sincerely,

Floyd Weekes
Chairman