

**NEWS RELEASE**

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**ABA STATEMENT ON GAO STUDY OF INTERCHANGE FEES**

By Kenneth J. Clayton, senior vice president and general counsel for ABA card policy

“The GAO study confirms what we have long understood: merchants get significant benefits when they accept credit and debit cards for purchases, and it is consumers that will ultimately be harmed if Congress steps in to lower what merchants pay to accept debit and credit cards.

“When merchants affirmatively choose to accept payment cards for purchase, they get faster, guaranteed payments, enhanced security, fraud protection, greater convenience, increased sales and more satisfied customers. The GAO study bears this out and it is interchange revenue that helps make all this possible.

“As indicated in the GAO study, interchange is a transaction that occurs between key business entities. Interchange fees are not paid by consumers but by those that are trying to make the payment system as seamless as possible for consumers. It is an important issue for banks of all sizes – from the largest financial institutions to the smallest community banks.

“Most importantly, the GAO study concludes that legislative or regulatory efforts that would mandate lower interchange fees will reduce costs for merchants but may not translate to lower prices for goods and services for consumers. In fact, the GAO study concludes that this may result in increased cardholder costs or reduced credit availability.

“As we have consistently argued, efforts by the merchant community to have the government interfere with the payment system amount to little more than retailers not wanting to pay their fair share and to have consumers bear this burden. That’s unfair to consumers, especially during this time of continuing economic uncertainty.”

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*The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members – the majority of which are banks with less than \$125 million in assets – represent over 95 percent of the industry's \$13.5 trillion in assets and employ over 2 million men and women.*