

Meeting with the National Grocers Association

This week, as you meet with lobbyists for the National Grocers Association, they will likely bring up the Durbin-Marshall credit card mandates and interchange. Here is a helpful guide to interpreting their talking points.



The National Grocers Association's lobbyists will try to tell you credit card interchange is responsible for higher grocery prices.



The FTC recently reported: *“Grocery retailers appear to have used their market power to avoid supply disruptions during the COVID-19 pandemic and that grocery prices remain high because companies used rising costs as an opportunity to boost profits ... raising questions about the need for the price increases.”* The report singled out Walmart, among other mega-grocers, for pressuring suppliers to ensure they received their orders before smaller merchants.



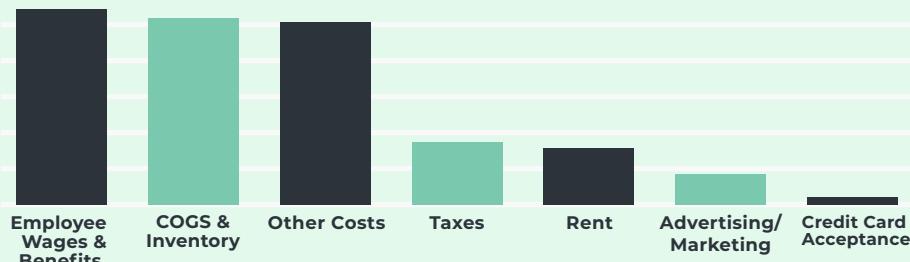
The National Grocers Association's lobbyists will also lead you to believe interchange is one of their highest expenses.



The average small business pays ~2% to accept credit cards. For interchange to be among their highest expenses, that would mean wages, inventory, rent, taxes and utilities are less than 2% of their overall revenue. Additionally, **the average credit card interchange rate (~1.8%) has remained virtually flat for 8 years and merchants recently reached an agreement with Visa and Mastercard to lower and lock-in those rates for years!**

Average Small Business Expenses

Percentage of Total Expenses



LAW360

FTC Says Retailers Used Pandemic To Boost Profits, Power

News4JAX

FTC report suggests high grocery bills likely due to ‘greedflation’ caused by big corporations

Kentucky Lantern

Trade watchdog: Big retailers used supply-chain problems to inflate grocery costs

THE HILL

FTC calls out profits as a driver of grocery prices

Depending on the business, **Other Costs** also include: Utilities, Franchise Fees, Setup Fees, Costs of Handling Cash Systems, Hardware, Software, Theft/Shrink, Scholarships/Employee Training, Equipment Rentals, and more.

Source: Oxford Economics



The National Grocers Association's lobbyists will say the Durbin-Marshall credit card mandates will help small grocery store owners and consumers.



Study after study has reported consumers and small businesses would not benefit, but the largest corporate mega-stores stand to pocket billions in savings.

CRS Report:
Unclear Who Durbin-Marshall Benefits.

Not Consumers
"It is not clear whether retailers would pass interchange savings on to consumers."

Not Small Businesses
"It is unlikely a small business would be aware of a smaller network ... [and] might face higher incidences of fraud if payment security is weakened."

Just Corporate Mega-Stores
"Major retailers [could create] a payment network ... tighten links between commerce and banking, and potentially lead to conflicts of interest."

University of Miami Study: Imposing Alternative Payment Networks on Credit Cards Will Likely Hurt Low Income Households & Small Merchants

The benefit to the top 5 largest retailers will be approximately \$1.2 billion.

Almost all of those savings will accrue to retailers with \$500 million or more in annual sales, with little going to small businesses

The typical [small business] would receive little savings from the legislation. The benefits accruing to the larger merchants would distort the competitive landscape and disadvantage [mom-and-pop businesses].



The National Grocers Association's lobbyists will even tell you the alternative networks Durbin-Marshall will force tens of millions of credit cards to run on are just as safe as the current networks.



Credit cards have never run on an alternative network. The Durbin-Marshall Credit Card Bill is a giant, untested gamble with our nation's secure, hassle-free credit card payment systems. The bill makes no mention of consumer protections or standards for data security.