

A Guide to Meeting with the National Retail Federation (NRF)

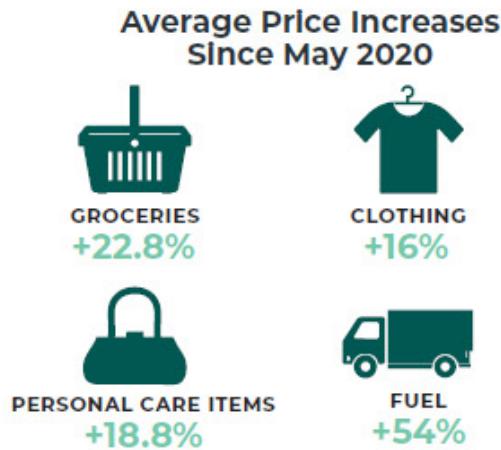


Electronic Payments Coalition

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

NRF lobbyists are trying to mislead Congress into believing that payment networks like Visa and Mastercard are causing record high inflation and skyrocketing prices at the checkout counter.

Corporate mega-stores are cashing in on skyrocketing prices. Walmart, Target, and The Home Depot are taking advantage of rising inflation to increase their bottom lines while trying to blame payment networks.



NRF 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 compared to the cost of handling cash which ranges from 4.7% to more than 15%, according to the retail and hospitality advisory firm IHL Group.



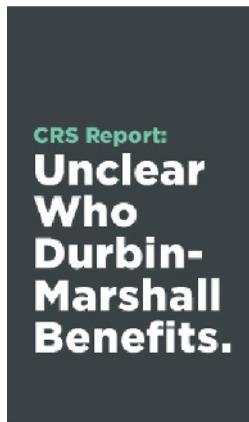
Depending on the business, **Other Costs** also include: Utilities, Franchise Fees, Setup Fees, Costs of Handling Cash Systems, Hardware, Software, Theft/Shrink, Scholarships/Employee Training, Equipment Rentals, and more. Source: Oxford Economics



NRF lobbyists will say the Durbin-Marshall credit card mandates will help small businesses 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.



Not Consumers



Not Small Businesses



Just Corporate Mega-Stores

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].



NRF lobbyists will say the current credit card market is not competitive and is dominated by only a small number of payment networks.



There are four global U.S. payment networks and two global payment networks based overseas. In addition to these credit card networks, consumers also have the option to pay using a variety of fintechs, debit cards, cash or check. The fact is, however, consumers actively choose credit cards as a payment option because of the convenience, security and benefits offered. The National Federation of Independent Business even said "credit card processing is a competitive industry" and that mom-and-pop businesses "come out ahead" when they accept credit cards.



Top 10 Benefits of Accepting Credit Cards

Date: September 25, 2017

9. A merchant account is relatively inexpensive, considering what it delivers.

Credit card processing is a competitive industry, so even the smallest mom-and-pop outfit can find the right deal for accepting credit cards. The increase in sales that a business realizes when they start accepting credit cards will typically more than make up for their processing fees, so they come out ahead.



NRF 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.