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# News Release

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## **N.G.A. Welcomes Senate Judiciary Inquiry into Unfair Credit Card Fees**

**ARLINGTON, VA** — The National Grocers Association welcomed the decision by Senate Judiciary Committee Chairman Arlen Specter (R-PA), to hold a hearing on the anti-competitive fee-setting practices of credit card companies. The announcement follows a series of meetings by retail and wholesale grocers on Capitol Hill.

“N.G.A. members have spent this week briefing members of Congress on the anti-competitive price-fixing practices at Visa and MasterCard that take billions of dollars out of consumers’ pockets every year,” said Tom Zaucha, N.G.A. President and CEO. “American consumers pay some of the highest credit card interchange fees in the world, but most consumers don’t even know that these fees exist. Consumers pay seven times in interchange fees what they pay in ATM fees each year, \$28 billion compared to \$4 billion, all without knowing it. Consumers have a right to know what hidden fees they have to bear.”

Retailers and wholesalers came from across the country to participate in the industry’s Washington Public Policy Conference that was co-sponsored by N.G.A., Food Marketing Institute, and Food Industry Association Executives. They came to Washington to tell their Representatives and Senators that the United States has the highest interchange fees of any industrialized country in the world, yet countries like Australia, United Kingdom and the European Union are taking action to challenge Visa’s and MasterCard’s anticompetitive practices and to reduce fees to the benefit of consumers. Zaucha said, “We are pleased that the grocers had an opportunity to meet with numerous members of the Senate Judiciary Committee. Congress needs to investigate or conduct an inquiry into the negative impact increasing interchange fees charged by credit card companies are having on consumers and all merchants.”

Interchange is a percentage of each transaction that Visa and MasterCard banks collect from retailers every time their credit or debit cards are used to pay for a purchase. The fee varies with type of card, size of merchant and other factors, but averages close to 2 percent for credit card and signature debit transactions. Unlike other credit card fees that show up on a monthly

statement, the interchange fees paid by consumers are not disclosed to cardholders because Visa and MasterCard forbid merchants from disclosing them on receipts.

Visa and MasterCard need to be held accountable for their questionable actions. Congress and other state and federal regulatory agencies should closely examine all of these credit card fees. In addition to its legislative activities N.G.A., Coborn's Inc. of St. Cloud, MN, D'Agostino's Supermarkets of Larchmont, NY and Affiliated Foods Midwest of Norfolk, NE are plaintiffs in the class action lawsuits that have been brought against Visa and MasterCard challenging their practices of price fixing credit card fees.

The Senate Judiciary Committee announced June 16, 2006 that it will hold a hearing on "Credit Card Interchange Rates: Antitrust Concerns?" July 19, 2006.

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N.G.A. is the national trade association representing the retail and wholesale grocers that comprise the independent sector of the food distribution industry. An independent retailer is a privately owned or controlled food retail company operating a variety of formats. Most independent operators are serviced by wholesale distributors, while others may be partially or fully self-distributing. Some are publicly traded but with controlling shares held by the family and others are employee owned. Independents are the true "entrepreneurs" of the grocery industry and dedicated to their customers, associates, and communities. N.G.A. members include retail and wholesale grocers, state grocers associations, as well as manufacturers and service suppliers. For more information about N.G.A. and the independent sector of the industry, see the N.G.A. website: [www.NationalGrocers.org](http://www.NationalGrocers.org).

The National Grocers Association is a founding member of the Merchants Payments Coalition (MPC) as well as a member of its Executive Committee, a group of 20 trade associations representing retailers, restaurants, supermarkets, drug stores, convenience stores, gas stations, on-line merchants and other businesses that accept debit and credit cards. MPC is fighting for a more competitive and transparent card system that works better for consumers and merchants alike. The coalition's member associations collectively represent about 2.7 million stores with approximately 50 million employees.