

## NASPL Survey - Use of Debit Cards

Lottery	Do you accept debit cards?	Did you see an increase in revenue?	Do you have any demographic information?	What is your retailer sales commission? Is that percentage increased for debit card purchase?	Do you pay a fee, commission or other amount to offset any fees for use of debit card?	(AR Phone Survey January 2014) Did you see a decline or loss of retailers since acceptance of debit cards for lottery purchases?
Arizona	Yes					In Arizona, it is up to each individual store or chain to make the determination if they will accept debit cards. There is nothing in the Retailer Rules which prohibits retailers from accepting this form of payment. When we sell tickets at our claims offices, we do not accept debit cards and that is something we are looking into changing because of the way society is going. At least that seemed the way things were headed before the Target breach.
Arkansas	No					
California	We do not at this time allow use of debit cards. We hope to look into it in the next fiscal year.	Have not received field feedback on retailers not accepting debit cards as a form of payment; however, many of CA retailers do not accept credit cards due to the fees charged to them AND that customers can elect to "dispute" the charge.	No	Traditional retail commissions are 6%. Vending model pays only a placement fee to the retailer.	No	
Colorado	No					
Connecticut	Yes - cash, certified bank checks, traveler's checks, money orders, prepaid gift cards, prepaid gas cards, debit cards.					We allow debit cards to be used for lottery purchases, but very few retailers use it due to charges they incur. *No loss of retailers. *The debit cardholder must meet two criteria: 1. The cardholder must use a Personal Identification Number (PIN) to access the bank account and 2. the use of the card must initiate an immediate on-line deduction from the bank account.
Delaware	Yes					
District of Columbia	Yes	Just recently started accepting debit cards.	No	5%, with no percentage increase for a debit card purchase.	DC Lottery Rule states-Agents can accept only cash or debit cards for sale of lottery tickets; agents are not required to accept debit cards for the sale of lottery tickets, but if an agent chooses to accept debit cards, the agent shall be responsible for any costs, fees or charge backs that may be associated with debit card lottery sales; agents may not charge a fee associated with accepting debit cards for lottery ticket sales.	
Florida	Yes					
Georgia	No					

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Idaho	We allow retailers to make their own decisions whether to allow debit card purchases.	We have allowed debit cards since inception.	No, but would be interested in such a study.	We pay a 5% commission for lottery purchases; no increase for debit or credit card purchase.	No	
Illinois	No	N/A	N/A	5% plus 1% cashing bonus and 1% winning up to \$500,00	N/A	
Indiana	Yes					Indiana has not detected any loss of retailers due to other retailers rolling out the acceptance of debit cards.
Iowa	Yes - cash, check, money order, debit card					No impact on retailers.
Kansas	Yes					
Kentucky	The KLC allows each retailer to decide whether or not to accept debit or credit cards for lottery ticket purchases. [KLC] is not aware that the position has been any different in the past.	See response in previous column.	No	See attached information regarding retailer incentives.	KLC does not pay a commission specifically for that purpose, but the retailer may use its commission as it chooses. See attached information regarding the retailer incentive.	The Lottery statute here does not prohibit the use of debit/credit cards for lottery purchases. We inform the retailers of that when they ask. We tell them that the risk is on them along with the credit card fees, which are usually more than the commission. We haven't lost any retailers over this issue and it is their business decision, even though they normally tell, the customers that it is a policy of the Lottery.
Louisiana	Debit and Credit Cards accepted					Louisiana does not prohibit the use of debit cards. Unable to determine loss or decline of retailers based on this.
Maine	Maine State Lottery does not have a policy against use of debit cards. To accept or deny ticket purchases using debit cards would be an individual store policy.	ME Lottery does not currently track debit card purchases.	No	Agents earn 5% commission on draw game sales, 7% commission for instant ticket sales (8% commission on Outdoor Heritage instant games). Amount does not increase for debit card purchases.	No	
Maryland	Maryland can, but does not currently accept debit card purchases. To do so, it would have to change a regulation, but not restricted from doing so by law.					We do not allow the use of Debit cards in Maryland. We are also considering allowing usage.
Massachusetts	Yes					
Michigan	No, but are in the process of launching a pre-paid debit card/loyalty card.					

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Minnesota	Yes, but most retailers do not accept them due to fees involved. MN Lottery accepts through Linq3 system with "Play at the Pump" and through ATMs, but in those cases Linq3 pays the card fees.	Slight.	No	5-1/2% with no change for purchase with a debit card.	No	Minnesota has always allowed debit cards, so there is no data.
Missouri	Yes					We let the retailer determine acceptance. No impact for us.
Montana	Yes					
Nebraska	Yes					In Nebraska we allow lottery purchases with a debit card and also with credit cards. We have always allowed this, so there has been no loss or decline in retailers. We do allow our retailers to make the determination if their store will or will not accept debit or credit cards, as we realize they have to pay fees on these transactions.
New Hampshire	Yes					In New Hampshire we leave it up to the individual stores to decide whether or not they want to take debit cards for payment. Since the stores have to pay a fee for each debit card transaction, we have found it cuts into the net profit for each sale and therefore most of our stores do not accept such payment.
New Jersey	Yes					
New Mexico	Yes					The New Mexico Lottery Act has never prohibited the use of debit cards, only credit cards. That means that we didn't have a transition to the use of debit cards.
New York	Yes					
North Carolina	Yes - debit card, cash, check, gift card					
North Dakota	Yes					
Ohio	Yes					
Oklahoma	No	N/A	No	6%; N/A	N/A	

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Ontario (OLG)	Retailer's decision whether or not to accept debit cards. Retailers must not charge customers any additional fees relating to the sale or validation of OLG-authorized lottery products or services. Fees related to customer's use of debit or credit cards for purchases, which may or may not include lottery, are at the discretion of the retailer. OLG does not object to retailers passing along the debit/credit card service fees to the customer, but charging additional fees on top of those is a breach of [OLG] policy.	No research specific to lottery has been conducted.	In 2009 OLG asked a question on a tracking study to understand the method of payment people used for lottery tickets. 87% of respondents used cash for their last purchase and 13% used a debit card. There was no statistical difference between men and women, but those over the age of 55 had a higher tendency to use cash to make their purchase. Those whose purchase was between \$1 and \$9 were more likely to use cash and anything over \$10 had a higher tendency to use a debit card. In 2012, a question was added to Lotto Trends to understand what people usually carry when they are out of home. Cash only-7%. Credit/Debit cards only-16%. Both cash and debit cards - 74%. Refused-4%. Respondents 55+ were more likely to carry cash only (10%). 35-54 year olds who resided in Eastern (Ottawa) and Western (London, Windsor) were more apt to carry both cash and credit/debit cards.	On-line tickets - sales 5% and redemptions 2%, Instants 8% for sales and 3% for redemptions. There are no increases in retailer commissions for debit purchases.	There are no increases in retailer commissions for debit purchases.	
Oregon	The Lottery does not have any rules that prohibit players from using debit cards, although the	There have never been rules, therefore there are no before/after comparisons.	No way to track these purchases at the retail level.	5%-10% of sales for traditional games (based on sales levels); percent of net sales from video lottery (sliding scale)	No	
Pennsylvania	Yes					Pennsylvania does not prohibit the use of debit cards for purchases of lottery tickets, but we don't really promote it as a means of purchasing tickets, either. Obviously, it's costly to the retailer to swipe a card for a purchase where they may only be making \$0.20 or \$.25 profit in the first place, so most accept cash only. But it's up to our retailers to decide. In terms of vending equipment, none of our equipment allows you to swipe a card and make a purchase that way. Thus, it's hard to quantify any loss or decline, because it's internal within each store as to whether they use this means or not.
Puerto Rico	It is up to each vendor.	Since it is individually decided by each vendor, there is no way of monitoring any market reaction.	No	5% regardless of how they accept payment.	No	

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Rhode Island	Decision is left to the discretion of the retailers.	Information is not tracked.	No	8% online, 5% instant. No additional percentage for debit card use.	No	
South Carolina	No	N/A	No, N/A	7% commission on cash sales only. NO debit or credit card purchases allowed.	N/A	
South Dakota	There are no prohibitions on lottery retailers. Most will accept, but some do not. Often depends on other product purchases at the time of the sale of the ticket, i.e., retailers do not usually require a separate cash transaction for a ticket when the customer already is purchasing gas, groceries, etc.	SD Lottery has always accepted debit cards.	No	5%, regardless.	No	In SD, we have always allowed the use of credit or debit cards. However, most retailers do not accept them for lottery purchases due to the surcharges. We leave it up to each individual retailer. Many retailers that do not accept cards for lottery purchases will relent if a player has a substantial purchase of other goods at the same time. I.e., the retailer does not want to hassle that customer for a second payment.
Tennessee	No					
Texas	Yes					
Vermont	Yes					"Vermont allows the use of debit cards, depending on store policy...I don't think that we've ever lost a retailer because of it."
Virginia	Does not directly accept debit cards; however, lottery retailers may accept debit cards as payment for tickets at their discretion.	N/A	No	5% sales commission on all ticket sales, plus 1% bonus for cashing prizes. Retailers earn appx. 5.6% of sales in commissions (all sources). No variable commission for various purchase types (cash, check, debit).	No - retailers may not charge add-on fees for selling tickets or cashing prizes.	We have not seen a decline in the number of retailers because of this. [Retailers] choose to accept, accept certain \$ amounts, or refuse to take - it's up to them. We do not accept credit. No impact.
Washington	Yes					
West Virginia	Yes					West Virginia has always allowed the use of debit cards for Lottery, but does not require it of retailers. They may create their own policy. We do NOT allow credit of the debit card, only use of the PIN. So, most do not use this option to keep their policy clean and remain in compliance with us.

# Buying Lottery Tickets Just Keeps Getting Easier

By Brad Tuttle@bradrtuttle June 04, 2013  
Time Online

It's not like buying lottery tickets is particularly difficult. But because states continually want to increase revenues via rising lottery sales, they're constantly looking for "innovations" that make lottery tickets easier to buy and available at every turn—like at the gas pump, the ATM, or just the computer screen.

Last week, [Missouri](#) announced that in an effort to boost lottery revenues, it will start selling tickets electronically at gas station pumps and ATMs this fall. Anyone pumping gas or doing business at an ATM equipped with ticket-selling capabilities will be prompted with the option to tack a lottery ticket purchase onto the transaction.

One might assume that such actions are being taken because lottery ticket sales have been lackluster and it's therefore necessary to reinvigorate the market. In fact, the lottery has been booming, with record sales in Missouri and [much of the country](#) for that matter.

The *St. Louis Post-Dispatch* reported that lottery ticket sales were over \$1.097 billion last year, which is almost double the total from a decade ago. The state expects \$1.15 billion in lottery ticket sales for the budget year ending June 30. For the year to follow, Missouri is banking on lottery tickets hitting new all-time highs for sales, with an anticipated \$298.5 million heading back to the state, which "has grown more reliant on the Missouri Lottery to fund public education," according to the paper.

Missouri's test program, which will be introduced this fall at 15 gas stations and 100 ATMs in the state, follows in the footsteps of [Minnesota](#), which began allowing customers to purchase lottery tickets with debit cards at ATMs and gas pumps last autumn. "People are always in a hurry nowadays," Minnesota Lottery executive director Ed Van Petten said to the *Minneapolis Star-Tribune* at the time. "The thought is it takes 10 to 15 seconds to go through the process, and I think people would say, 'Why not. I'll give it a shot.'"

When Minnesota rolled out its new lottery ticket purchase options, it too could already boast of record-high sales. The new sales channels are part of the endless campaign for ever-higher lottery revenues. In Minnesota at least, a \$1 fee is assessed for each ticket purchase at an ATM or gas station, and customers are required to purchase at least three Powerball tickets or five Mega Millions

tickets. [CNN reported](#) that lottery sales at gas pumps have been brisk, according to Van Patten, and that there was a weekly limit of \$50 in lottery tickets at pumps and ATMs.

Linq3, the Manhattan-based company that's behind the technology allowing lottery sales at ATMs and gas pumps, plays up the idea that these new sales options attract a very important consumer group: people who don't usually play the lottery. "You're getting a new demographic," Linq3 CEO Daniel Cage told [Crain's](#). [Consumers](#) who don't have the time or inclination to pop into convenience stores for lottery tickets now have the option of a quick, human-free lottery purchase transaction. The concept is supposed to appeal especially to younger consumers, who are particularly comfortable with digital transactions, and who tend to use debit cards for everything and may not carry around cash at all.

Other states are removing the inconvenience factor, as well as human beings, from the lottery ticket purchase equation in other ways. In early 2012, Illinois became the first state to sell lottery tickets online, and as [USA Today noted](#) at the time, "it won't be the last."

The [Cleveland Plain Dealer](#) reported that Ohio just took action that could ban online lottery ticket sales—mainly out of concern online sales would hurt stores, not gamblers—but that Georgia introduced online sales last fall, and e-sales will probably be a reality in Michigan in 2014. "A consumer can now buy almost anything they want online," a Michigan Lottery spokesperson said. "The lottery should really be no different. If we want to remain competitive in today's economy and today's market, this is something we need to do."

In California, consumers have a particularly interesting option for no-effort lottery ticket purchasing. As [many news outlets](#) have noted, a company called LottoGopher charges \$12 per month or \$99 per year—in addition to the price of playing lottery games—and a messenger will go to a store and purchase tickets for you.

# Buy lottery tickets with a credit card? Maybe

## State bans bypassed by online ticket sales

By Bobbi Dempsey, [creditcards.com](http://creditcards.com)

**Published: October 30, 2013**

While credit cards are used to buy everything from [human skeletons](#) to [celebrity encounters](#) these days, they're still banned from lottery ticket sales in many places. That may be changing, however, as online lottery sales slowly spread.

Since gambling is regulated by state law, the regulations in your state determine whether you can buy lottery tickets with plastic. In Connecticut, for example, you cannot buy tickets with a credit card. But you can use a gift card or debit card -- unless the specific retailer prohibits using debit. In Tennessee, however, lottery tickets may only be bought with cash.

"Most of the U.S. lotteries allow the purchase of lottery tickets with debit cards," says David Gale, executive director of the North American Association of State and Provincial Lotteries. "But only about 25 percent allow the purchase of lottery tickets with a credit card. A few of the lotteries leave it up to the retailer to decide whether to accept or not accept credit and/or debit cards for the purchase of lottery tickets."

That includes states such as Pennsylvania, where lottery officials say they discourage the use of credit cards to buy lottery tickets, but let individual retailers decide which forms of payment to accept.

### **Potentially dangerous game**

The main reason for prohibiting the use of credit cards is that compulsive gamblers could accumulate unmanageable debt. Credit counselors warn that this is primarily an issue for people with poor financial self-control. "Playing the lottery with plastic is only a bad idea if the person allows their spending to get out of control," says Gail Cunningham, spokeswoman for the National Foundation for Credit Counseling. "Credit is not the problem. It's the irresponsible use of credit that can lead to financial ruin. Overspending on anything, including lottery tickets, is a symptom of a deeper financial issue that needs resolving."

Politics also play a part in the decision to ban credit card sales of lottery tickets. "The laws that forbid credit card use are generally added as a concession to lawmakers who oppose a lottery bill, but will agree to vote for it with these kinds of safety provisions," wrote Chuck Strutt, executive director of the Multi-State Lottery Association, in an emailed response to questions. His organization runs several multistate lotteries, including Powerball and Mega Millions. "Their fear is that consumers will max out their credit cards with lottery purchases. Debit cards usually get thrown into the mix either because lawmakers do not understand the difference between the two or because they believe that clerks and consumers will be confused."

Strutt thinks states that currently prohibit credit card purchases will be forced soon to revisit their policies or risk losing money. "The politics slows the lotteries' move into the real world of consumers where products and services are most often purchased without cash," he says.



### **Internet workaround**

Some businesses are seizing the opportunity to target lottery players who want to use plastic, but may not have that option in their area. Websites such as TheLotter.com and LottoGopher.com allow consumers to purchase lottery tickets online, with credit cards as one of the payment options.

Not to be outsold, some states have begun offering their own online lotto ticket sales. In 2012, Illinois became the first state to allow online purchases of individual lottery tickets. Minnesota and other states have followed suit.

In New York, the decision about whether to accept credit cards lies with the individual retailer, says lottery spokesman Lee Park. "However, the New York Lottery offers subscriptions over the Internet, and we accept MasterCard and Discover credit cards, or debit cards backed by MasterCard or Discover -- which we process as a credit transaction -- and we now utilize electronic bank transfer," Park says.

States are becoming increasingly motivated to consider new approaches. "Politics and complaints and lobbying efforts from brick-and-mortar retailers often force lotteries to create new account processes where a player can pay [cash] at a retailer for an account to allow spending online," Strutt wrote. "Lotteries certainly do need to pay attention to their current retailer network, but all parties need to understand that players will eventually demand the ability to buy lottery products online and through their smartphones." It's already happening, he says: Nearly half of Powerball.com's page views come from mobile devices.

Even in states where credit card purchases are allowed, your credit card company may have rules of its own. American Express prohibits the use of its cards for gambling services, according to a representative. Visa and MasterCard declined to comment on their policies regarding lottery ticket purchases.

In addition, many states have instituted or are in the process of enacting rules that prohibit residents from buying lottery tickets with Electronic Benefits Transfer cards, which are used like debit cards to access and spend welfare benefits. Benefits recipients are also prohibited from buying alcohol, cigarettes and other so-called "sin" purchases) with the cards.

[CreditCards.com](http://CreditCards.com)

## **Mass. lottery to allow use of debit cards**

December 21, 2011

BRAINTREE, Mass.—The Massachusetts state treasurer says consumers will soon be allowed to buy state lottery tickets using debit cards.

Treasurer Steven Grossman says the plan could go into effect as soon as Jan. 1.

He says 33 other states already allow residents to use debit cards, which are the equivalent of cash. He says many convenience stores already have ATMs that customers use to withdraw cash they use to play the lottery.

Lottery agents would not be allowed to accept credit cards or welfare cards to play lottery games.

Grossman says agents that violate those rules risk losing their license.

The treasurer's office oversees the lottery. ■

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[http://www.boston.com/news/local/massachusetts/articles/2011/12/21/mass\\_lottery\\_to\\_allow\\_use\\_of\\_debit\\_cards/#sthash.GiKUDfVF.dpuf](http://www.boston.com/news/local/massachusetts/articles/2011/12/21/mass_lottery_to_allow_use_of_debit_cards/#sthash.GiKUDfVF.dpuf)

## NACS Online News

Posted: Dec 17, 2010

### Positive Steps in Swipe Fee Reform

NACS called yesterday's release of the Federal Reserve's proposed rulemaking related to debit card swipe fees a "positive step" and said it will continue to push for the reforms demanded by Congress and consumers alike. While no interchange fees should be allowed on debit transactions, the Fed's proposal demonstrates real progress toward that reasonable goal — and parity between checks and debit cards.

"The proposed rules are a positive step in addressing the anti-competitive behavior of the banks and credit card companies and an acknowledgement of the voice of American small businesses and consumers," said NACS President and CEO Hank Armour. "This is what 5.4 million of our customers had in mind when they signed petitions demanding reform."

When Congress approved the financial services reform bill this summer, it directed the Federal Reserve to issue rules to ensure that debit swipe fees are reasonable and proportional to the processing costs incurred. Visa and MasterCard currently charge debit swipe fees of around 1 percent to 2 percent of the transaction amount — among the highest rates in the industrialized world.

A number of independent research reports have confirmed what retailers have long argued: Swipe fees are considerably more than the actual cost of processing transactions and provide no commensurate benefits to retailers or consumers. In 2008 alone, Americans paid more than \$48 billion in swipe fees. These fees are non-negotiable and set in secret by the credit card companies and their member banks, and increase the cost of goods and services purchased by consumers. Retail experts have long argued that costs to process debit transactions, which are essentially electronic checks, should be in line with the fees charged to process paper checks.

The Federal Reserve Board is requesting comment on two alternative interchange fee standards that would apply to all covered issuers: one based on each issuer's costs, with a safe harbor (initially set at 7 cents per transaction) and a cap (initially set at 12 cents per transaction); and the other a stand-alone cap (initially set at 12 cents per transaction). Under both alternatives, circumvention or evasion of the interchange fee limitations would be prohibited. The Board also is requesting comment on possible frameworks for an adjustment to the interchange fees to reflect certain issuer costs associated with fraud prevention.

If the Board adopts either of these proposed standards in the final rule, the maximum allowable interchange fee received by covered issuers for debit card transactions would be more than 70 percent lower than the 2009 average, once the new rule takes effect on July 21, 2011.

The proposed rule would also prohibit all issuers and networks from restricting the number of networks over which debit card transactions may be processed. The Board is requesting comment on two alternative approaches: one alternative would require at least two unaffiliated networks per debit card, and the other would require at least two unaffiliated networks per debit card for each type of cardholder authorization method (such as signature or PIN). Under both alternatives, the issuers and networks would be prohibited from inhibiting a merchant's ability to direct the routing of debit card transactions over any network that the issuer enabled to process them.

According to the recently released 2010 Federal Reserve payment study, debit card use in the United States now exceeds all other forms of noncash payments and, by number of payments, represents approximately 35 percent of total noncash payments.

There now will be a 60-day comment period on these proposed rules. NACS and other organizations that are part of the Merchants Payments Coalition will carefully study the rules the Federal Reserve has proposed and offer its suggestions for strengthening the final rules, which the Federal Reserve expects to publish in April 2011 and go into effect June 21, 2011.

“Yesterday’s proposed rulemaking by the Federal Reserve begins to create a system in which debit swipe fees are reasonable and proportional to the processing costs incurred,” said Armour.

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News & Media

Interchange Fees on Credit Cards a Hidden Gas 'Tax'

May 19, 2008

WASHINGTON – Interchange fees on credit cards add 5 cents to every gallon of gasoline sold, wrote Scott Harmon, president and CEO of CHR Corp., which operates Rutter's Farm Stores, in a Washington Times op-ed on Friday. Here is an excerpt of that opinion piece.

“In Washington, many ideas are being touted to alleviate consumers' pain at the gas pump; suggestions range from temporarily cutting the federal gas tax to ending additions to the strategic petroleum reserve. The highly touted, proposed three-month temporary reduction in the 18.4 cent federal gasoline tax would amount to an annualized tax savings for Americans of 4.6 cents per gallon. As politicians argue the alternatives, there is one obvious way being overlooked: Reduce the outrageous credit card fees that are a growing part of each fill-up. These are nothing more than another gas 'tax.'”

“A way to provide permanent relief from this tax is offered by the Credit Card Fair Fee Act, a bill sitting in Congress that could cut 5 cents from the price of every gallon. The act targets the fees merchants pay on every credit card transaction. Called 'interchange' in the credit industry, these fees are skyrocketing. ...”

“The Credit Card Fair Fee Act is all about requiring the credit card company monopoly, Visa and MasterCard, to simply negotiate with merchants the fees they charge. ...”

“This is not a fight pitting big business against big business, but a struggle in which small corner stores are trying to control the fees they are charged by the world's largest financial institutions. My family has been a part of the convenience store industry for three generations. Our industry consists primarily of mom-and-pop proprietors — 62 percent of stores are owned by a single-store operator. ...”

“Meanwhile, Visa and MasterCard are recognized by U.S. courts as a bank-owned and operated monopoly because they control 73 percent of transactions and 85 percent of the cards issued in this country. ...”

“It is no secret the credit card industry drops significant cash on Capitol Hill to maintain the monopoly status quo. The American Bankers Association — which represents Visa, MasterCard and their member banks — put \$1.7 million into congressional pockets in 2007. To date, only 30 representatives have had the guts to say 'no' to bankers and support the bipartisan Credit Card Fair Fee Act.

“I sat in Sen. Arlen Specter's office recently as merchants and bankers explained credit card monopoly pricing to him. Those of us who are merchants pleaded for his support of the act. ... Three months have passed and we are still waiting for Mr. Specter's decision on this important legislation.

“I ask every voting American to contact their representative and senators and ask for their support of the Credit Card Fair Fee Act. When it passes, we might all permanently save 5 cents a gallon on gas while maintaining a federal gas tax that will rebuild our country's infrastructure and keep our strategic oil reserves intact.”

## Government Relations

### Credit Card Fees

NACS retail members cite credit card fees as their third largest store-level operating expense, following labor and rent. In 2007, the convenience and petroleum retailing industry reported a pre-tax profit of \$3.5 billion and \$7.6 billion paid in credit card fees. At the motor fuel dispenser, credit card fees are often greater than the profit a retailer earns on each gallon sold. The largest component of these fees is interchange, a fee charged by the cardholder's bank to the retailer's bank and passed on to the retailer. Across all industries, in 2001, Visa, MasterCard and their issuing banks collected \$16.6 billion in credit card interchange fees. By 2005, these fees increased to \$30.7 billion – more than the total amount of penalty fees and ATM fees combined. Interchange fees are far higher than the actual processing costs and risks involved, yet these transactions fees continue to rise.

NACS and our Government Relations staff are currently urging Congress to persuade the credit card companies to explain their fees, practices and policies to us and the public. This issue is a primary focus for NACS and will most likely remain so for the coming years. NACS is the named plaintiff in a class-action suing not only Visa and Mastercard, but also their issuing banks. This suit has been combined with over 40 other suits and has been given the lead status in the U.S. District Court for the Eastern District of New York. At the same time, NACS has helped form the Merchant's Payment Coalition (MPC), which is working for a more competitive and transparent credit card fee system that better serves American consumers and merchants alike

### The Pumptopper Campaign to End Unfair Credit Card Fees

Posted: August 8, 2008

### Pumptopper Campaign to Send Message to Congress

The nation's 115,000-plus convenience stores will communicate their outrage over devastating credit card fees via pumptoppers that will educate consumers and Congress about the problem.

On June 27, 2008 NACS announced that it will make pumptoppers available free of charge to retailers. Pumptoppers typically contain promotional messages about the store but these will communicate the industry's fight against sky-high interchange rates.

NACS is urging retailers to put these pumptoppers in their promotional signage plans from August 1 to September 6, when Congress is in recess and members will be in their home districts.

H.R. 5546, the Credit Card Fair Fee Act was passed by the House Judiciary Committee on July 16, 2008. The bill would grant the retail community with a limited exemption from anti-trust laws, enabling them to join together to negotiate with Visa and MasterCard regarding rates and terms of acceptance. The Senate version is S. 3086.

"The credit card fees that retailers pay are outrageous," said NACS President and CEO Hank Armour. "Congress needs to see the pain that credit card fees are causing in their home districts," said Armour. "In Washington, the credit card companies have used their outrageous profits at the pump to fund a massive lobbying effort to prevent fixing the broken system. It is impossible to match their virtually unlimited resources, so we need to take the message straight to where this pain is occurring – at the gas pump," said Armour.

The pumptoppers that NACS has developed have two messages: "Tell Congress you want to know how much this fill-up cost you in credit card fees" and "That pain you are experiencing in part is caused by secret credit card fees." Both ads encourage motorists to go to the Web site [www.unfaircreditcardfees.com](http://www.unfaircreditcardfees.com) to send a message to their elected leaders. The artwork is available in a variety of sizes and can be downloaded at [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers). For retailers who are unable to print the pumptoppers themselves, NACS has arranged a significant discount for retailers who want to order them from signage company GSP at [www.popmanager.com/ccfees.html](http://www.popmanager.com/ccfees.html).

Please get your pumptoppers as soon as possible and encourage others to do so, this is a fight for every single store!

24/7: The NACS Blog

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12/2/2008

Visa's New Rates Benefit...Guess Who?

"Visa to Help Ease Pain at the Pump" blared the headline of the June 26, 2008, Visa press release, which trumpeted how the rates provide "benefits for American consumers and fuel merchants." The problem is, the only one that benefits from these new rates is, you guessed it, Visa.

Visa is making more with its new credit card interchange fees (which became effective October 3) than it did before. There are dozens of different rates in the Visa fee schedule,

but for comparison, take a mid-level rate – CPS/Automated Fuel Dispenser or Service Station using a Visa Signature card.

Visa's previous rate for such a transaction was 1.65% plus 10 cents. Its new rate is 1.15% plus 25 cents.

At \$4.11/gallon (the July 17 peak price for fuel), there were 77.8 cents in interchange fees for a 10-gallon transaction. With the new rate, if it were in effect at the time, the fees would have been 72.3 cents.

Flash forward to December 1, when gas prices dropped to \$1.82/gallon. Taking the same 10-gallon transaction and applying the new rate, interchange fees totaled 45.9 cents. However, if the old rate were still in effect, interchange fees would have been 40 cents.

Granted, these are two moments in time, but in each case, Visa came out about 5 cents ahead.

Posted at 1:18 PM by cblasinsky | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)

9/23/2008

U.S. House Passes Credit Card Reform Bill

Today on Capitol Hill, the U.S. House passed legislation that would rein in unfair and deceptive credit card company practices: H.R. 5244, the Credit Cardholders' Bill of Rights Act. This bill does not address interchange fees, but it is a great step towards shedding more light on the deceptive tactics that the credit card companies are using on consumers and retailers.

A great champion of credit card reform, Rep. Peter Welch (D-VT), also an avid supporter of the H.R. 5244, the Credit Cardholders' Bill of Rights Act, made the following statement on the House floor in support of credit card company reforms and urged subsequent legislative action on credit card interchange fees:

"This bill is the beginning of important reforms in credit cards — the beginning of increased protection for consumers of credit card companies. The other side of the coin, which we're not taking up today but will hopefully get to, is for merchants who pay fees to credit card companies for every single credit card transaction — the so-called interchange fees.

Mr. Speaker, in the United States, our credit card interchange fees are the highest, the highest, in the entire world accounting for as much as 2 percent of the cost of every credit card transaction, in some cases a good deal more. These bloated interchange fees are passed on to the consumer. The average American family in fact pays an extra \$300 a year in items they purchase as a result of credit cards.

I have introduced legislation, H.R. 6248, the Credit Card Interchange Fees Act, which would require credit card companies to disclose their interchange rates, terms, and



conditions to consumers, businesses, and the public. In addition, the bill would empower the Federal Trade Commission to review these rates and rules and prohibit any practices that violate consumer-protection or anti-competitive laws. Chairman John Conyers also has important legislation — the Credit Card Fair Fee Act — that has been passed out of the Judiciary Committee and would give merchants a seat at the negotiating table to determine the fees assessed for every sale made by credit card.

In the next Congress, I look forward to continuing to work with my colleagues on the Financial Services Committee and the Judiciary Committee to pass legislation into law that protects both the consumer and the merchant from credit card companies."

Posted at 3:47 PM by cblasinsky | Category: Credit Card Fees; Government Relations | Permalink | Email this Post | Comments (0)

7/21/2008

I'm Rich!

One of our goals on the road trip was to talk to consumers and hear what they had to say about convenience stores. We always made a point to ask them about their perceptions on retail gas margins and credit card fees.

Though not scientific by any stretch, it seems that the consumers we spoke with think the average retail margin per gallon of gas is about 75 cents. I never realized I had it so good! I'm going to take some time to kick back, relax, and shop for something to spend all my new found wealth on.

Of course we all know this is not true - the reality is that retailers are making about 2 to 3 cents per gallon after expenses, including credit card fees. To help educate consumers about this reality, I hope you all have your pumptoppers up or at least on order...

Posted at 11:21 AM by cblasinsky | Category: Richard's Road Trip; NACS Show; Credit Card Fees; Gas Prices | Permalink | Email this Post | Comments (0)

7/16/2008

House Panel Approves Credit Card Fair Fee Act

With an unusual bipartisan vote on final passage, the House Judiciary Committee approved H.R. 5546, the Credit Card Fair Fee Act on Wednesday. This first step in the legislative process is a huge win for NACS members.

"The days when Visa and MasterCard are able to impose exorbitant fees on consumers are numbered. Now that Congress and the public are learning how credit card fees are driving up the price of gas, food and other necessities, the big credit card companies are in for a very rough ride," said NACS Chairman Richard Oneslager. "On behalf of our retail members and their customers, NACS applauds the committee members who stood together to pass H.R. 5546. This strong show of bipartisanship vindicates the efforts of thousands of NACS members who have taken the issue of outrageous credit card fees and practices to Congress. We look forward to similar bipartisan support by the full House and Senate."

The House Judiciary Committee is not normally known for crossing the aisle to work together, but today the bipartisan effort made by members was historic. Ten Democrats and nine Republicans joined together to help fix a broken market and provide an opportunity for retailers to negotiate their interchange fees.

Now more than ever retailers need to keep up momentum and communicate their concerns over devastating credit card fees. Go to [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers) to download or order your promotional signage to be utilized from August 1 to September 6, when Congress is in recess and members will be in their home districts.

Posted at 6:40 PM by cblasinsky | Category: Credit Card Fees; Government Relations | Permalink | Email this Post | Comments (0)

Interchange Vote Now!

The House Judiciary Committee began considering HR. 5546, the Credit Card Fair Fee Act, at 10:00 (EST) this morning.

This markup is of monumental importance to retailers as a first step in the legislative process that can potentially fix the broken market of interchange fees that has put such hardship on our industry.

Stay tuned for an evaluation of the markup and the results! If you want to see how the committee votes, watch the real-time video.

E-mail me if you have any questions: John Eichberger, [jeichberger@nacsonline.com](mailto:jeichberger@nacsonline.com).

Posted at 10:59 AM by cblasinsky | Category: Government Relations; Credit Card Fees | Permalink | Email this Post | Comments (0)

7/10/2008

More to the Story

Several news outlets ran with a story about how some retailers are using “bait-and-switch” tactics to trick customers into paying credit card surcharges as much as 50 cents a gallon. Clearly that practice is indefensible, but it’s also not nearly as widespread as the news story would indicate.

Read more from the Business & Media Institute, which took a closer look at the story.

Posted at 9:39 AM by cblasinsky | Category: Credit Card Fees; Motor Fuels | Permalink | Email this Post | Comments (0)

6/30/2008

Rallying Against Card Fees

There’s nothing like all-American rally the day before an all-American holiday — especially when it’s to fight outrageous credit card fees.

Rally coordinator Mitch Goldstone, editor of the blog [WayTooHigh.com](http://WayTooHigh.com) and president and CEO of [ScanMyPhotos.com](http://ScanMyPhotos.com) and [30 Minute Photos Etc.](http://30MinutePhotos.com), is calling for “consumers and gas station owners alike” to show their support for the Credit Card Fair Fee Act and “demand independence from Visa and MasterCard’s hidden credit card fees that add another 8-10 cents a gallon on top of already skyrocketing gasoline prices.”

If you're in the Irvine, California, area on July 3, here are the details:

- \* WHO: WayTooHigh.com — The Credit Card Interchange Report
- \* WHAT: Consumers and merchants rally to stop unfair credit card fees on gasoline
- \* WHEN: Thursday, July 3, 7:30 to 9:00 a.m.
- \* WHERE: 30 Minute Photos Etc. in Irvine, Calif., at 92 Corporate Park Plaza; adjacent to the Chevron station on the corner of Jamboree and Barranca Parkway (near SNA John Wayne Airport)
- \* EVENT COORDINATOR: Mitch Goldstone, (949) 474-7654; e-mail: Goldstone@ScanMyPhotos.com

Posted at 5:06 PM by cblasinsky | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)  
6/27/2008

Get the Message Out

Having 115,000-plus convenience stores in the United States displaying their outrage – literally – at the pump over devastating credit card fees via pumptoppers is just one more way we can help educate consumers and Congress about this problem.

As of today NACS is making pumptoppers available free of charge to retailers. We're urging retailers to put these pumptoppers in their promotional signage plans from August 1 to September 6, when Congress is in recess and members will be in their home districts.

The pumptoppers have two messages: "Tell Congress you want to know how much this fill-up cost you in credit card fees" and "That pain you are experiencing in part is caused by secret credit card fees." Both ads encourage motorists to go to the Web site, [www.unfaircreditcardfees.com](http://www.unfaircreditcardfees.com), to send a message to their elected leaders.

The artwork is available in a variety of sizes and can be downloaded at [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers). For retailers who are unable to print the pumptoppers themselves, NACS has arranged a significant discount for retailers who want to order them from signage company GSP at [www.popmanager.com/ccfees.html](http://www.popmanager.com/ccfees.html).

Order your pumptoppers today!

Posted at 11:09 AM by cblasinsky | Category: Credit Card Fees; Operations | Permalink | Email this Post | Comments (0)  
6/25/2008

Their Pants Are On Fire

When all else fails, abandon the truth. That seems to be the playbook of the credit card companies as they continue a massive lobbying effort on Capitol Hill to prevent Congress from examining interchange rates.

Try this doozie — a must-read from today's The Hill, which is widely read by D.C. insiders, members of Congress and their staff: A credit card lobbyist says that convenience stores have an interchange rate "that is lower than in other industries — 1.2 percent."

In testimony before Congress, both Visa and MasterCard have said that 1.2 percent is the lowest available rate for supermarkets. However, it is nowhere near the lowest available rate at the pump.

Tell us your stories so we can share them with the media as we continue this fight.

Posted at 11:03 AM by cblasinsky | Category: Credit Card Fees; Government Relations | Permalink | Email this Post | Comments (0)

6/20/2008

Wahoo! Or, Rather, "Yahoo!"

First Congress, and now the news.

The retailer's voice is being heard thanks to recent new stories that are spreading the word about outrageous credit card fees. First up, the recent Associated Press story on cash-only stations that ran in hundreds of newspapers this week and has been customized by countless others, including one with this fantastic headline: "Interchange Fee Hitting Gas Station Owners' Pocketbooks." As of this morning, the AP story also resides as the top story on the Yahoo! home page, furthering consumer awareness.

BusinessWeek released a similar story this morning that highlights a new program by Flash Foods.

And Jan Vineyard, executive director of the West Virginia Oil Marketers and Grocers Association, wrote an op-ed in the State Journal that should be required reading for anyone buying gasoline.

If there is a story on card fees that appeared in your local paper, send it our way at [news@nacsonline.com](mailto:news@nacsonline.com).

Posted at 11:10 AM by nacsadmin | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)

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“Part of the Pain In the Cost of Gas”

Gasoline prices are no doubt causing headaches, but so are credit card fees. Today, The Washington Post featured an editorial from NACS President and CEO Hank Armour:

"There is more to the May 25 front-page story about gas prices, "Peeved at Prices? Don't Blame the Dealer": the credit card interchange fee.

Interchange started as a fee to cover the cost of processing credit card charges by hand. Today, paying at the pump is fully computerized, yet credit card interchange fees have doubled since 2004, to nearly \$8 billion a year just for motor fuels.

During the same period, convenience store profits have been cut in half. Dwindling profits is a big problem, and not solely for my members' wallets: Convenience stores that sell gasoline (and provide jobs) are closing.

With gasoline averaging \$4 a gallon, 9 or 10 cents per gallon in interchange fees goes directly to the credit card industry — up to \$3 per fill-up for many drivers. And everyone pays interchange fees through higher gasoline prices whether they use plastic or not. No one, except perhaps the member nations of the Organization of the Petroleum Exporting Countries, enjoys higher profits from \$4 gas than Visa and MasterCard."

Now that \$4 a gallon is here, what's going on at your operations with credit card fees?  
Posted at 11:32 AM by cblasinsky | Category: Credit Card Fees; Gas Prices | Permalink |  
Email this Post | Comments (0)

5/14/2008

### Capitol Card Crunch

Last week on Capitol Hill, NACS Past Chairman Bill Douglass testified before the House Antitrust Task Force that high gasoline and crude oil prices are difficult for both retailers and their customers to bear.

Tomorrow, May 15, NACS is back on Capitol Hill and back before the Antitrust Task Force – this time to talk about credit card fees. The Task Force is chaired by Rep. John Conyers (D-MI), who co-authors H.R. 5546, the Credit Card Fair Fee Act, with Rep. Chris Cannon (R-UT), the bill which would give retailers a fighting chance to lower the price of card transactions at the pump.

Douglass's testimony last week helped Task Force members not only understand how high fuel prices have a negative impact on retailers, but also how much card fees are crippling retailers' margins. And tomorrow, California retailer and NACS Vice Chairman of Government Relations Tom Robinson will continue moving the ball forward and bring transparency to a broken system that needs to be fixed.

If you have an Internet connection, check out Robinson's testimony beginning at 11:00 am (EDT) at the Antitrust Task Force Web site.

Posted at 1:54 PM by cblasinsky | Category: Credit Card Fees; Government Relations | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

5/6/2008

### Education is Key

Any chance NACS gets to bend the ears of members of Congress and educate them about gasoline prices is a good thing for the industry. And luckily, Congress will hear on Wednesday from Bill Douglass, a Texas retailer and past NACS chairman, during a House committee hearing on how rising gasoline prices affect consumers.

Expect Bill to discuss how retailers aren't getting rich off of high motor fuels prices, and that credit card fees are eating away at what's left of fuel margins to the tune of \$7.6 billion – the amount convenience and petroleum retailers paid in credit card fees in 2007.

Here is an excerpt from Bill's written testimony:

"As you consider the overall impact of higher gasoline prices on your constituents and the economy in general, I want to stress that you should also be very concerned about how our industry is being hurt by higher gasoline prices. These higher prices have led to reduced – and sometimes negative – gross profit margins, increased inventory costs resulting in extensions of credit lines and associated interest payments, and higher fees assessed by the credit card companies. These have all combined to put an increasing number of retailers on the brink of bankruptcy."

Look for more hearing coverage in NACS Daily and Friday's Washington Report. Let us know if you have a story to tell about how high gasoline prices aren't doing your business any favors.

**Cash or Credit?  
Convenience Store News  
August 25, 2005**

NEW YORK, NY -- For some motorists, \$50 may seem standard for filling up a sport utility vehicle: but for a four-door sedan? To help ease the pain of record gasoline prices, many consumers are holding on to their cash and instead using a credit card at the pump, reports Reuters.

“Consumers are trying to displace the pain for a few weeks,” NACS spokesman Jeff Lenard told the news service. According to the 2005 NACS State of the Industry report, credit card usage at the pump has increased from 54 to 70 percent since last year.

The higher credit card usage rate is putting additional pain on retailers, who are already paying higher credit card fees as gasoline prices increase.

High gasoline prices have also caused many drivers to switch from a higher to a lower grade of fuel to help save a few extra dollars at the pump. The news source notes that sales of premium and mid-octane gasoline have declined over the past few years, while the use of regular unleaded has risen. In 1998, one in every three gallons of gasoline sold was high-octane fuel. In 2003, this figure dropped to one of every five gallons.

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**Lottery Sales Pay the Price for High Gasoline Costs  
Convenience Store News  
August 17, 2005**

BISMARCK, ND -- Record gasoline prices are apparently keeping North Dakota residents from trying their luck with the lottery.

According to the Associated Press, North Dakota Lottery Director Chuck Keller says that high prices at the pump are affecting convenience store lottery ticket sales, as well as the sale of in-store items such as candy and soft drinks.

“Most of our retailers are truck stops and convenience stores that do distribute fuel, whether it’s diesel, gas or both,” said Keller.

Keller told the news service that the state will combat sluggish lottery ticket sales by stepping up lottery promotions, including one that would allow the 10-millionth ticket buyer to win \$10,000.

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**Credit Card Fees a Growing Challenge for Convenience Stores  
(updated July 2005)  
Convenience Store News**

While convenience stores were able to rein in most of their expenses in 2004, a significant expense continued to grow: credit/debit card fees. For stores selling motor fuels and accepting plastic, these fees in 2004 equaled roughly 85 percent of a store's profits, and are expected to grow in the coming years.

Credit card fees are high — and growing.

For convenience stores, credit/debit card fees, as a percent of gross profit, now equal 6.1 percent of gross profit dollars. For stores that sell motor fuels and accept plastic, these fees cost the stores an average of \$30,996 in 2004, a figure approaching the average per-store pretax profit of \$36,095. On an industry-wide basis, the total cost of credit/debit fees was \$3.3 billion.

Credit-card fees are the third-largest expense at the store level. NACS estimates that card fees are projected approximate the cost of store rent by 2020. Particularly with the rising cost of gasoline and the higher transactions at the pump, retailers are seeing the impact of credit-card transaction fees. The overall increase in average annual gas prices from 2003 to 2004 (from \$1.55 to \$1.83 per gallon) led to a significant increase in the use of credit cards at the pump, with 54 percent of all gasoline customers paying with plastic in 2004. The huge increase in gasoline prices in 2005 has accelerated that trend, and NACS estimates that 70 percent of all motor fuels purchases are now paid with plastic.

With razor-thin margins for retailers selling motor fuels, the credit card associations often make more profit on a gallon of gasoline than the retailer selling the gasoline. For the first time in 2003, Americans made more in-store payments electronically than they did with cash or checks, according to a Dove Consulting/American Bankers Association study — 52 percent of all purchases were made with debit and credit cards. Credit card fees cost a typical convenience store 3 percent of the transaction, which is made up of several components, some of which can be costlier for convenience stores than other channels.

The largest component of credit card fees — interchange — accounts for roughly two-thirds of the fees charged to convenience stores. Many convenience stores are charged higher interchange rates set by the card associations whose members are card-issuing banks. Each type of card carries different fees that reflect factors like fraud rates, risk factors, transaction volume and processing path. American Express and Discover also set interchange rates, but operate as independent entities as opposed to the association approach that governs Visa and MasterCard and their respective member banks. There is a considerable difference between the fees charged for a PIN-based debit transaction and a credit transaction. Convenience stores, which generate approximately two-thirds of their sales volume from motor fuels, tend to be charged a higher rate than that other retail channels because they are not as easily able to steer pay-at-the-pump customers to choose debit and enter a PIN as other retailers. As a result, many debit



purchases, which should carry the lower rates, are processed as credit and carry higher costs to convenience store retailers.

The other major component of credit card fees is acquiring fees; credit card companies have increased their acquiring fees, such as authorization, capture and settlement fees, charged to retailers over the past few years — even though the per-unit processing costs have declined.

Another concern for convenience store retailers is that they are often hit twice for fees from the same customer visit — once when the customer pays at the pump, and once when he or she pays inside the store, if that is also a credit/debit card transaction.

Solutions — regulatory and otherwise — need to be found to reduce these credit card fees before they become even more burdensome.

NACS is working with dozens of retailers — representing more than 2,000 stores — regarding their participation in a new money-saving credit-card processing program. NACS, in partnership with First Data Corporation, introduced the new program designed to reduce card-processing fees for convenience store and petroleum marketers in October 2003. This "interchange plus" program allows retailers to choose between a card processor that charges a percentage of the sale versus one that charges cents per transaction. An advantage of the cents-per transaction approach is that as the dollar value of the transaction grows (such as with the rising price of gasoline), the card processing fees remains the same.

In April 2003, Wal-Mart and thousands of other retailers won a class-action lawsuit against Visa and MasterCard that claimed that the credit-card companies, individually, and in conspiracy with their member banks, violated the federal antitrust laws by forcing merchants who accept Visa and/or MasterCard-branded credit cards for payment also to accept Visa and/or MasterCard-branded debit cards for payment, and by conspiring and attempting to monopolize a market for general-purpose point-of-sale debit cards. Retailers said that these actions caused merchants to pay excessive fees for credit and debit transactions. As a result, the card companies settled the case and agreed to pay back damages, temporarily reduce fees and establish clear and distinct visual as well as electronic markers for identifying a credit from a debit card carrying a Visa or MasterCard logo.

A greater use of PIN-based debit cards — which customers prefer for convenience and greater security — could also help reduce fees — as long as retailers are rewarded by the lower interchange for these more-secure transaction methods. With PIN-based debit cards accounting for only 5 percent of total cashless sales, and 60 percent of all pay-at-the-pump dispensers already equipped with PIN pads, the potential to increase debit sales is enormous if we can educate consumers on the benefits. By 2007, PIN debit cards will be used for 45.1 percent of all POS payments and will actually exceed POS credit card payments, according to Financial Insights.

NACS is a founding member of the Merchants Payments Coalition, a group made up of trade associations representing retailers, restaurants, supermarkets, drug stores,

convenience stores, gas stations, on-line merchants and other businesses that accept credit and debit cards and are concerned about the increasing interchange fees charged by banks and credit card companies to process credit and debit transactions.

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**Fact Sheet: Gasoline Price Volatility in 2005**  
**Convenience Store News**  
**February 1, 2005**

Convenience store retailers, which sell an estimated three-quarters of the gasoline purchased in the United States, are negatively impacted by seasonal price volatility as their already low margins are impacted by events around the globe and squeezed by competition down the street.

The seasonal gasoline price increase should not be a surprise to anyone paying attention to the petroleum markets.

Data from the U.S. Energy Information Administration (EIA) show that gasoline prices typically begin to increase around the first week in February. This happens every year, as a result of rising U.S. demand for gasoline, scheduled refinery maintenance and the petroleum industry's switchover to produce summer-blend fuel.

In February, refineries begin the process of drawing down winter-blend fuels, which typically can't be delivered to wholesale outlets after May 1. (Some fuel blends are required weeks or months earlier, further complicating the system.) To accommodate these deadlines, refiners must estimate fuel needs months in advance and begin producing the more expensive summer-grade gasoline in February. Consequently, any unexpected increase in demand can significantly decrease the supply of winter-grade gasoline, causing the retail price of gasoline to increase while stocks of the more expensive summer-grade gasolines are built up.

With refineries operating above 90 percent capacity utilization, there is little excess capacity to accommodate any type of supply disruption and, more importantly, facilities are unable to perform the types of maintenance that might be necessary to ensure full efficient operations and to prevent unanticipated problems in the production cycle. This adds cost to the process and increases the chance for production interruptions, each of which impacts the retail price of gasoline.

While the circumstances may be different every year, the pattern we see in oil markets is eerily similar year to year. However, because there are so many factors that influence gasoline supply - and ultimately prices - it is impossible to predict the level of volatility. The cause of higher gasoline prices is simple: demand is increasing and supply is struggling to keep pace.

U.S. petroleum demand in 2005 is projected to average 20.9 million barrels per day, up 2.0 percent from the 2004 level. Motor gasoline demand is projected to rise 1.9 percent in 2005.

Further complicating the issue is that gasoline demand, which is approximately 44 percent of all U.S. petroleum demand, begins to increase at the same time refineries begin to prepare for making summer-blend fuel. U.S. demand for gasoline significantly increases the first eight months of the year, and is largely unaffected by price.

Increased world demand, particularly in India and China, has placed additional pressure on the international market and reduced the availability of excess capacity in the major oil-producing regions of the world.

In addition to the increased international demand boosting the price of crude oil on the spot market, there is also the continued risk of disruption to the system posed by international instability in supplier countries including Nigeria, Venezuela, Russia and the countries in the Middle East, as well as possible production cuts from OPEC. A disruption in any one region has a significant impact on overall supply - and prices. Higher crude oil prices are the primary reason that prices were at seasonal highs at the beginning of 2005, and that could exacerbate an already bad situation.

From 2000 to 2003, the price of crude oil accounted for less than 43 percent of the retail price of gasoline. In 2004, however, crude oil prices significantly increased, and contributed close to half (48 percent) the cost of a gallon of gasoline. In 2004, crude oil averaged \$41.50 per barrel, fully \$10 above the 2003 average and more than \$13 above the traditional "price basket" targeted by OPEC.

The petroleum market is a dynamic system that responds to rumor, speculation, and actual events. Many analysts estimate that a \$10-15 "fear premium," based more on concern over potential disruptions than actual events, is already built into today's oil prices - which translates into roughly 24-36 cents per gallon more for gasoline. (Each dollar increase in the price of crude oil roughly translates to a 2.4 cent increase at the pump since there are 42 gallons in each barrel.)

The transition period in 2005 may be more apparent than in previous years because of the level at which retail prices are entering the season. Retail prices in January 2005 were at the highest level ever recorded for that month. For the week ended January 31, gasoline prices were \$1.91, which was 30 cents higher than the same time in 2004, and far higher than the same period in any other year.

Since the implementation of the second, more environmentally stringent phase of the Federal Reformulated Gasoline (RFG) program in 2000, combined with a myriad of independent state regulations seeking to control summer-time emissions by specifying gasoline formulations, retail prices during the spring have increased 20-46 cents per gallon.

National average price for gasoline in the U.S.:

Year	Beginning of transition period	Peak seasonal price	Change
2004	\$1.61 (week ending Feb. 2)	\$2.07 (week ending May 24)	+46

2003 \$1.53 (week ending Feb. 3) \$1.73 (week ending Mar. 17) +20  
 2002 \$1.11 (week ending Feb. 4) \$1.41 (week ending Apr. 8) +30  
 2001 \$1.44 (week ending Feb. 5) \$1.71 (week ending May 14) +26  
 2000 \$1.33 (week ending Feb. 7) \$1.68 (week ending June 19) +35  
 RFG requirements take effect in 2000  
 1999 \$0.93 (week ending Feb. 8) \$1.14 (week ending May 17) +21  
 1998 \$1.05 (week ending Feb. 9) \$1.08 (week ending June 8) +3  
 1997 \$1.24 (week ending Feb. 3) \$1.22 (week ending June 2) -2  
 1996 \$1.08 (week ending Feb. 5) \$1.29 (week ending May 20) +21  
 1995 \$1.08 (week ending Feb. 6) \$1.20 (week ending June 12) +12  
 1994 \$1.01 (week ending Feb. 7) \$1.17 (week ending Aug. 22) +16  
 1993 \$1.06 (week ending Feb. 8) \$1.11 (week ending May 31) +5  
 (Source: U.S. Energy Information Administration)

Convenience store retailers dislike higher gasoline prices as much as their customers do, as margins and in-store sales decrease while costs, theft and grumbling increase.

The U.S. Energy Information Administration (EIA) reports that post-refiner costs (including pipeline and wholesale terminal operations, tanker truck deliveries and retail operations), is shrinking. In 2004, when the average price for a gallon of gas skyrocketed to \$1.98 in May, the retail and distribution component of the price of gas shrunk to 7.8 percent, far below the 13.2 percent average from 2000-2003 when the price of gasoline averaged \$1.45.

The decline in margins is particularly acute when prices climb fast. According to EIA, the monthly average price for gasoline rose more than 41 cents from January to May 2004, during which time the post-refining component of the price of gasoline, which averaged 11.6 percent for the year, dropped to an average of 9.6 percent over those five months.

It typically takes seven to 12 weeks for wholesale price adjustments to be "passed-through" to retail consumers, according to EIA's 2003 report, "Gasoline Price Pass-through." During this time, retailers typically absorb some of the wholesale price increases by reducing their margins.

NACS reports that 2003 gasoline gross margins were 8.8 percent, the lowest level since 1985. Gross margins aren't to be confused with profit margins. After factoring in expenses, most retailers make only a few cents per gallon profit, and may even lose money on some sales when margins are tight and credit card expenses are high.

When supplies significantly tighten, retailers face more than just tighter margins. They may have difficulty obtaining fuel without additional surcharges. During severe supply/demand imbalances retailers with supply contracts may be put on allocation, where they only get a certain percentage of their normal fuel supply. Any amount over that comes with an "overlifting" change, which can be as much as \$1 a gallon, in extreme circumstances.

For the convenience store industry, credit/debit card costs in 2003 were \$3.2 billion, a staggering 80 percent of the industry's total pre-tax profits. In 2004, that impact was likely much worse, as payment card usage at the pump significantly increased. When gasoline is \$2 per gallon, retailers are paying upwards of 6 cents per gallon in payment card expenses.

Higher gasoline prices contribute to lower in-store sales, where margins are more robust, because people have less disposable income. While customers may still spend \$20 or \$30 at the store, that money is now all going toward gasoline, as opposed to additional in-store items where margins are healthier.

Sales of premium and mid-grade, which have healthier margins than regular gasoline, have declined over the past few years as consumers trade down octane levels when prices increase. This leads to some consumers not returning to higher octanes as prices decline. The sale of mid-grade and premium has gone from approximately one of three (30.2 percent) of gasoline gallons purchased in 1998 to one in five (21.5 percent) in 2003.

As has been the case for the past several years, increases in the retail gasoline price have led to a significant increase in gasoline theft brought on by misdirected consumer anger at higher prices. Nationwide, gasoline theft cost the industry an estimated \$112 million in 2003.

Finally, convenience stores, like all retailers, are hit by higher costs of goods sold as higher fuel prices add to the cost of shipping goods to the store. Some retailers may be able to pass along these costs to consumers by raising prices, but many of the items at convenience stores are prepriced or at relatively set prices that cannot be increased without the risk of losing customers.

## NACS Online News

Posted: Dec 17, 2010

### Positive Steps in Swipe Fee Reform

NACS called yesterday's release of the Federal Reserve's proposed rulemaking related to debit card swipe fees a "positive step" and said it will continue to push for the reforms demanded by Congress and consumers alike. While no interchange fees should be allowed on debit transactions, the Fed's proposal demonstrates real progress toward that reasonable goal — and parity between checks and debit cards.

"The proposed rules are a positive step in addressing the anti-competitive behavior of the banks and credit card companies and an acknowledgement of the voice of American small businesses and consumers," said NACS President and CEO Hank Armour. "This is what 5.4 million of our customers had in mind when they signed petitions demanding reform."

When Congress approved the financial services reform bill this summer, it directed the Federal Reserve to issue rules to ensure that debit swipe fees are reasonable and proportional to the processing costs incurred. Visa and MasterCard currently charge debit swipe fees of around 1 percent to 2 percent of the transaction amount — among the highest rates in the industrialized world.

A number of independent research reports have confirmed what retailers have long argued: Swipe fees are considerably more than the actual cost of processing transactions and provide no commensurate benefits to retailers or consumers. In 2008 alone, Americans paid more than \$48 billion in swipe fees. These fees are non-negotiable and set in secret by the credit card companies and their member banks, and increase the cost of goods and services purchased by consumers. Retail experts have long argued that costs to process debit transactions, which are essentially electronic checks, should be in line with the fees charged to process paper checks.

The Federal Reserve Board is requesting comment on two alternative interchange fee standards that would apply to all covered issuers: one based on each issuer's costs, with a safe harbor (initially set at 7 cents per transaction) and a cap (initially set at 12 cents per transaction); and the other a stand-alone cap (initially set at 12 cents per transaction). Under both alternatives, circumvention or evasion of the interchange fee limitations would be prohibited. The Board also is requesting comment on possible frameworks for an adjustment to the interchange fees to reflect certain issuer costs associated with fraud prevention.

If the Board adopts either of these proposed standards in the final rule, the maximum allowable interchange fee received by covered issuers for debit card transactions would be more than 70 percent lower than the 2009 average, once the new rule takes effect on July 21, 2011.

The proposed rule would also prohibit all issuers and networks from restricting the number of networks over which debit card transactions may be processed. The Board is requesting comment on two alternative approaches: one alternative would require at least two unaffiliated networks per debit card, and the other would require at least two unaffiliated networks per debit card for each type of cardholder authorization method (such as signature or PIN). Under both alternatives, the issuers and networks would be prohibited from inhibiting a merchant's ability to direct the routing of debit card transactions over any network that the issuer enabled to process them.

According to the recently released 2010 Federal Reserve payment study, debit card use in the United States now exceeds all other forms of noncash payments and, by number of payments, represents approximately 35 percent of total noncash payments.

There now will be a 60-day comment period on these proposed rules. NACS and other organizations that are part of the Merchants Payments Coalition will carefully study the rules the Federal Reserve has proposed and offer its suggestions for strengthening the final rules, which the Federal Reserve expects to publish in April 2011 and go into effect June 21, 2011.

"Yesterday's proposed rulemaking by the Federal Reserve begins to create a system in which debit swipe fees are reasonable and proportional to the processing costs incurred," said Armour.

NACS Staff Contact: Lyle Beckwith, [lbeckwith@nacsonline.com](mailto:lbeckwith@nacsonline.com)

News & Media

Interchange Fees on Credit Cards a Hidden Gas 'Tax'

May 19, 2008

WASHINGTON – Interchange fees on credit cards add 5 cents to every gallon of gasoline sold, wrote Scott Harmon, president and CEO of CHR Corp., which operates Rutter's Farm Stores, in a Washington Times op-ed on Friday. Here is an excerpt of that opinion piece.

“In Washington, many ideas are being touted to alleviate consumers' pain at the gas pump; suggestions range from temporarily cutting the federal gas tax to ending additions to the strategic petroleum reserve. The highly touted, proposed three-month temporary reduction in the 18.4 cent federal gasoline tax would amount to an annualized tax savings for Americans of 4.6 cents per gallon. As politicians argue the alternatives, there is one obvious way being overlooked: Reduce the outrageous credit card fees that are a growing part of each fill-up. These are nothing more than another gas 'tax.'”

“A way to provide permanent relief from this tax is offered by the Credit Card Fair Fee Act, a bill sitting in Congress that could cut 5 cents from the price of every gallon. The act targets the fees merchants pay on every credit card transaction. Called 'interchange' in the credit industry, these fees are skyrocketing. ...”

“The Credit Card Fair Fee Act is all about requiring the credit card company monopoly, Visa and MasterCard, to simply negotiate with merchants the fees they charge. ...”

“This is not a fight pitting big business against big business, but a struggle in which small corner stores are trying to control the fees they are charged by the world's largest financial institutions. My family has been a part of the convenience store industry for three generations. Our industry consists primarily of mom-and-pop proprietors — 62 percent of stores are owned by a single-store operator. ...”

“Meanwhile, Visa and MasterCard are recognized by U.S. courts as a bank-owned and operated monopoly because they control 73 percent of transactions and 85 percent of the cards issued in this country. ...”

“It is no secret the credit card industry drops significant cash on Capitol Hill to maintain the monopoly status quo. The American Bankers Association — which represents Visa, MasterCard and their member banks — put \$1.7 million into congressional pockets in 2007. To date, only 30 representatives have had the guts to say 'no' to bankers and support the bipartisan Credit Card Fair Fee Act.

“I sat in Sen. Arlen Specter's office recently as merchants and bankers explained credit card monopoly pricing to him. Those of us who are merchants pleaded for his support of the act. ... Three months have passed and we are still waiting for Mr. Specter's decision on this important legislation.



“I ask every voting American to contact their representative and senators and ask for their support of the Credit Card Fair Fee Act. When it passes, we might all permanently save 5 cents a gallon on gas while maintaining a federal gas tax that will rebuild our country's infrastructure and keep our strategic oil reserves intact.”

## Government Relations

### Credit Card Fees

NACS retail members cite credit card fees as their third largest store-level operating expense, following labor and rent. In 2007, the convenience and petroleum retailing industry reported a pre-tax profit of \$3.5 billion and \$7.6 billion paid in credit card fees. At the motor fuel dispenser, credit card fees are often greater than the profit a retailer earns on each gallon sold. The largest component of these fees is interchange, a fee charged by the cardholder's bank to the retailer's bank and passed on to the retailer. Across all industries, in 2001, Visa, MasterCard and their issuing banks collected \$16.6 billion in credit card interchange fees. By 2005, these fees increased to \$30.7 billion – more than the total amount of penalty fees and ATM fees combined. Interchange fees are far higher than the actual processing costs and risks involved, yet these transactions fees continue to rise.

NACS and our Government Relations staff are currently urging Congress to persuade the credit card companies to explain their fees, practices and policies to us and the public. This issue is a primary focus for NACS and will most likely remain so for the coming years. NACS is the named plaintiff in a class-action suing not only Visa and Mastercard, but also their issuing banks. This suit has been combined with over 40 other suits and has been given the lead status in the U.S. District Court for the Eastern District of New York. At the same time, NACS has helped form the Merchant's Payment Coalition (MPC), which is working for a more competitive and transparent credit card fee system that better serves American consumers and merchants alike.

### The Pumptopper Campaign to End Unfair Credit Card Fees

Posted: August 8, 2008

### Pumptopper Campaign to Send Message to Congress

The nation's 115,000-plus convenience stores will communicate their outrage over devastating credit card fees via pumptoppers that will educate consumers and Congress about the problem.

On June 27, 2008 NACS announced that it will make pumptoppers available free of charge to retailers. Pumptoppers typically contain promotional messages about the store but these will communicate the industry's fight against sky-high interchange rates.

NACS is urging retailers to put these pumptoppers in their promotional signage plans from August 1 to September 6, when Congress is in recess and members will be in their home districts.

H.R. 5546, the Credit Card Fair Fee Act was passed by the House Judiciary Committee on July 16, 2008. The bill would grant the retail community with a limited exemption from anti-trust laws, enabling them to join together to negotiate with Visa and MasterCard regarding rates and terms of acceptance. The Senate version is S. 3086.

"The credit card fees that retailers pay are outrageous," said NACS President and CEO Hank Armour. "Congress needs to see the pain that credit card fees are causing in their home districts," said Armour. "In Washington, the credit card companies have used their outrageous profits at the pump to fund a massive lobbying effort to prevent fixing the broken system. It is impossible to match their virtually unlimited resources, so we need to take the message straight to where this pain is occurring – at the gas pump," said Armour.

The pumptoppers that NACS has developed have two messages: "Tell Congress you want to know how much this fill-up cost you in credit card fees" and "That pain you are experiencing in part is caused by secret credit card fees." Both ads encourage motorists to go to the Web site [www.unfaircreditcardfees.com](http://www.unfaircreditcardfees.com) to send a message to their elected leaders. The artwork is available in a variety of sizes and can be downloaded at [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers). For retailers who are unable to print the pumptoppers themselves, NACS has arranged a significant discount for retailers who want to order them from signage company GSP at [www.popmanager.com/ccfees.html](http://www.popmanager.com/ccfees.html).

Please get your pumptoppers as soon as possible and encourage others to do so, this is a fight for every single store!

24/7: The NACS Blog

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12/2/2008

Visa's New Rates Benefit...Guess Who?

"Visa to Help Ease Pain at the Pump" blared the headline of the June 26, 2008, Visa press release, which trumpeted how the rates provide "benefits for American consumers and fuel merchants." The problem is, the only one that benefits from these new rates is, you guessed it, Visa.

Visa is making more with its new credit card interchange fees (which became effective October 3) than it did before. There are dozens of different rates in the Visa fee schedule,

but for comparison, take a mid-level rate – CPS/Automated Fuel Dispenser or Service Station using a Visa Signature card.

Visa's previous rate for such a transaction was 1.65% plus 10 cents. Its new rate is 1.15% plus 25 cents.

At \$4.11/gallon (the July 17 peak price for fuel), there were 77.8 cents in interchange fees for a 10-gallon transaction. With the new rate, if it were in effect at the time, the fees would have been 72.3 cents.

Flash forward to December 1, when gas prices dropped to \$1.82/gallon. Taking the same 10-gallon transaction and applying the new rate, interchange fees totaled 45.9 cents. However, if the old rate were still in effect, interchange fees would have been 40 cents.

Granted, these are two moments in time, but in each case, Visa came out about 5 cents ahead.

Posted at 1:18 PM by cblasinsky | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)  
9/23/2008

#### U.S. House Passes Credit Card Reform Bill

Today on Capitol Hill, the U.S. House passed legislation that would rein in unfair and deceptive credit card company practices: H.R. 5244, the Credit Cardholders' Bill of Rights Act. This bill does not address interchange fees, but it is a great step towards shedding more light on the deceptive tactics that the credit card companies are using on consumers and retailers.

A great champion of credit card reform, Rep. Peter Welch (D-VT), also an avid supporter of the H.R. 5244, the Credit Cardholders' Bill of Rights Act, made the following statement on the House floor in support of credit card company reforms and urged subsequent legislative action on credit card interchange fees:

"This bill is the beginning of important reforms in credit cards — the beginning of increased protection for consumers of credit card companies. The other side of the coin, which we're not taking up today but will hopefully get to, is for merchants who pay fees to credit card companies for every single credit card transaction — the so-called interchange fees.

Mr. Speaker, in the United States, our credit card interchange fees are the highest, the highest, in the entire world accounting for as much as 2 percent of the cost of every credit card transaction, in some cases a good deal more. These bloated interchange fees are passed on to the consumer. The average American family in fact pays an extra \$300 a year in items they purchase as a result of credit cards.

I have introduced legislation, H.R. 6248, the Credit Card Interchange Fees Act, which would require credit card companies to disclose their interchange rates, terms, and

conditions to consumers, businesses, and the public. In addition, the bill would empower the Federal Trade Commission to review these rates and rules and prohibit any practices that violate consumer-protection or anti-competitive laws. Chairman John Conyers also has important legislation — the Credit Card Fair Fee Act — that has been passed out of the Judiciary Committee and would give merchants a seat at the negotiating table to determine the fees assessed for every sale made by credit card.

In the next Congress, I look forward to continuing to work with my colleagues on the Financial Services Committee and the Judiciary Committee to pass legislation into law that protects both the consumer and the merchant from credit card companies."

Posted at 3:47 PM by cblasinsky | Category: Credit Card Fees; Government Relations | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

7/21/2008

I'm Rich!

One of our goals on the road trip was to talk to consumers and hear what they had to say about convenience stores. We always made a point to ask them about their perceptions on retail gas margins and credit card fees.

Though not scientific by any stretch, it seems that the consumers we spoke with think the average retail margin per gallon of gas is about 75 cents. I never realized I had it so good! I'm going to take some time to kick back, relax, and shop for something to spend all my new found wealth on.

Of course we all know this is not true - the reality is that retailers are making about 2 to 3 cents per gallon after expenses, including credit card fees. To help educate consumers about this reality, I hope you all have your pumptoppers up or at least on order...

Posted at 11:21 AM by cblasinsky | Category: Richard's Road Trip; NACS Show; Credit Card Fees; Gas Prices | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

7/16/2008

House Panel Approves Credit Card Fair Fee Act

With an unusual bipartisan vote on final passage, the House Judiciary Committee approved H.R. 5546, the Credit Card Fair Fee Act on Wednesday. This first step in the legislative process is a huge win for NACS members.

"The days when Visa and MasterCard are able to impose exorbitant fees on consumers are numbered. Now that Congress and the public are learning how credit card fees are driving up the price of gas, food and other necessities, the big credit card companies are in for a very rough ride," said NACS Chairman Richard Oneslager. "On behalf of our retail members and their customers, NACS applauds the committee members who stood together to pass H.R. 5546. This strong show of bipartisanship vindicates the efforts of thousands of NACS members who have taken the issue of outrageous credit card fees and practices to Congress. We look forward to similar bipartisan support by the full House and Senate."

The House Judiciary Committee is not normally known for crossing the aisle to work together, but today the bipartisan effort made by members was historic. Ten Democrats and nine Republicans joined together to help fix a broken market and provide an opportunity for retailers to negotiate their interchange fees.

Now more than ever retailers need to keep up momentum and communicate their concerns over devastating credit card fees. Go to [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers) to download or order your promotional signage to be utilized from August 1 to September 6, when Congress is in recess and members will be in their home districts.

Posted at 6:40 PM by cblasinsky | Category: Credit Card Fees; Government Relations | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

**Interchange Vote Now!**

The House Judiciary Committee began considering HR. 5546, the Credit Card Fair Fee Act, at 10:00 (EST) this morning.

This markup is of monumental importance to retailers as a first step in the legislative process that can potentially fix the broken market of interchange fees that has put such hardship on our industry.

Stay tuned for an evaluation of the markup and the results! If you want to see how the committee votes, watch the real-time video.

E-mail me if you have any questions: John Eichberger, [jeichberger@nacsonline.com](mailto:jeichberger@nacsonline.com).

Posted at 10:59 AM by cblasinsky | Category: Government Relations; Credit Card Fees | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

7/10/2008

**More to the Story**

Several news outlets ran with a story about how some retailers are using “bait-and-switch” tactics to trick customers into paying credit card surcharges as much as 50 cents a gallon. Clearly that practice is indefensible, but it’s also not nearly as widespread as the news story would indicate.

Read more from the Business & Media Institute, which took a closer look at the story.

Posted at 9:39 AM by cblasinsky | Category: Credit Card Fees; Motor Fuels | [Permalink](#) | [Email this Post](#) | [Comments \(0\)](#)

6/30/2008

**Rallying Against Card Fees**

There’s nothing like all-American rally the day before an all-American holiday — especially when it’s to fight outrageous credit card fees.

Rally coordinator Mitch Goldstone, editor of the blog [WayTooHigh.com](http://WayTooHigh.com) and president and CEO of [ScanMyPhotos.com](http://ScanMyPhotos.com) and [30 Minute Photos Etc.](http://30MinutePhotos.com), is calling for “consumers and gas station owners alike” to show their support for the Credit Card Fair Fee Act and “demand independence from Visa and MasterCard’s hidden credit card fees that add another 8-10 cents a gallon on top of already skyrocketing gasoline prices.”

If you're in the Irvine, California, area on July 3, here are the details:

- \* WHO: WayTooHigh.com — The Credit Card Interchange Report
- \* WHAT: Consumers and merchants rally to stop unfair credit card fees on gasoline
- \* WHEN: Thursday, July 3, 7:30 to 9:00 a.m.
- \* WHERE: 30 Minute Photos Etc. in Irvine, Calif., at 92 Corporate Park Plaza; adjacent to the Chevron station on the corner of Jamboree and Barranca Parkway (near SNA John Wayne Airport)
- \* EVENT COORDINATOR: Mitch Goldstone, (949) 474-7654; e-mail: Goldstone@ScanMyPhotos.com

Posted at 5:06 PM by cblasinsky | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)  
6/27/2008

Get the Message Out

Having 115,000-plus convenience stores in the United States displaying their outrage – literally – at the pump over devastating credit card fees via pumptoppers is just one more way we can help educate consumers and Congress about this problem.

As of today NACS is making pumptoppers available free of charge to retailers. We're urging retailers to put these pumptoppers in their promotional signage plans from August 1 to September 6, when Congress is in recess and members will be in their home districts.

The pumptoppers have two messages: "Tell Congress you want to know how much this fill-up cost you in credit card fees" and "That pain you are experiencing in part is caused by secret credit card fees." Both ads encourage motorists to go to the Web site, [www.unfaircreditcardfees.com](http://www.unfaircreditcardfees.com), to send a message to their elected leaders.

The artwork is available in a variety of sizes and can be downloaded at [www.nacsonline.com/pumptoppers](http://www.nacsonline.com/pumptoppers). For retailers who are unable to print the pumptoppers themselves, NACS has arranged a significant discount for retailers who want to order them from signage company GSP at [www.popmanager.com/ccfees.html](http://www.popmanager.com/ccfees.html).

Order your pumptoppers today!

Posted at 11:09 AM by cblasinsky | Category: Credit Card Fees; Operations | Permalink | Email this Post | Comments (0)  
6/25/2008

Their Pants Are On Fire

When all else fails, abandon the truth. That seems to be the playbook of the credit card companies as they continue a massive lobbying effort on Capitol Hill to prevent Congress from examining interchange rates.

Try this doozie — a must-read from today's The Hill, which is widely read by D.C. insiders, members of Congress and their staff: A credit card lobbyist says that convenience stores have an interchange rate "that is lower than in other industries — 1.2 percent."

In testimony before Congress, both Visa and MasterCard have said that 1.2 percent is the lowest available rate for supermarkets. However, it is nowhere near the lowest available rate at the pump.

Tell us your stories so we can share them with the media as we continue this fight.  
Posted at 11:03 AM by cblasinsky | Category: Credit Card Fees; Government Relations |  
Permalink | Email this Post | Comments (0)  
6/20/2008

Wahoo! Or, Rather, "Yahoo!"  
First Congress, and now the news.

The retailer's voice is being heard thanks to recent new stories that are spreading the word about outrageous credit card fees. First up, the recent Associated Press story on cash-only stations that ran in hundreds of newspapers this week and has been customized by countless others, including one with this fantastic headline: "Interchange Fee Hitting Gas Station Owners' Pocketbooks." As of this morning, the AP story also resides as the top story on the Yahoo! home page, furthering consumer awareness.

BusinessWeek released a similar story this morning that highlights a new program by Flash Foods.

And Jan Vineyard, executive director of the West Virginia Oil Marketers and Grocers Association, wrote an op-ed in the State Journal that should be required reading for anyone buying gasoline.

If there is a story on card fees that appeared in your local paper, send it our way at [news@nacsonline.com](mailto:news@nacsonline.com).

Posted at 11:10 AM by nacsadmin | Category: Credit Card Fees | Permalink | Email this Post | Comments (0)

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#### “Part of the Pain In the Cost of Gas”

Gasoline prices are no doubt causing headaches, but so are credit card fees. Today, The Washington Post featured an editorial from NACS President and CEO Hank Armour:

"There is more to the May 25 front-page story about gas prices, "Peeved at Prices? Don't Blame the Dealer": the credit card interchange fee.

Interchange started as a fee to cover the cost of processing credit card charges by hand. Today, paying at the pump is fully computerized, yet credit card interchange fees have doubled since 2004, to nearly \$8 billion a year just for motor fuels.

During the same period, convenience store profits have been cut in half. Dwindling profits is a big problem, and not solely for my members' wallets: Convenience stores that sell gasoline (and provide jobs) are closing.

With gasoline averaging \$4 a gallon, 9 or 10 cents per gallon in interchange fees goes directly to the credit card industry — up to \$3 per fill-up for many drivers. And everyone pays interchange fees through higher gasoline prices whether they use plastic or not. No one, except perhaps the member nations of the Organization of the Petroleum Exporting Countries, enjoys higher profits from \$4 gas than Visa and MasterCard."

Now that \$4 a gallon is here, what's going on at your operations with credit card fees?  
 Posted at 11:32 AM by cblasinsky | Category: Credit Card Fees; Gas Prices | Permalink |  
 Email this Post | Comments (0)



5/14/2008

### Capitol Card Crunch

Last week on Capitol Hill, NACS Past Chairman Bill Douglass testified before the House Antitrust Task Force that high gasoline and crude oil prices are difficult for both retailers and their customers to bear.

Tomorrow, May 15, NACS is back on Capitol Hill and back before the Antitrust Task Force – this time to talk about credit card fees. The Task Force is chaired by Rep. John Conyers (D-MI), who co-authors H.R. 5546, the Credit Card Fair Fee Act, with Rep. Chris Cannon (R-UT), the bill which would give retailers a fighting chance to lower the price of card transactions at the pump.

Douglass's testimony last week helped Task Force members not only understand how high fuel prices have a negative impact on retailers, but also how much card fees are crippling retailers' margins. And tomorrow, California retailer and NACS Vice Chairman of Government Relations Tom Robinson will continue moving the ball forward and bring transparency to a broken system that needs to be fixed.

If you have an Internet connection, check out Robinson's testimony beginning at 11:00 am (EDT) at the Antitrust Task Force Web site.

Posted at 1:54 PM by cblasinsky | Category: Credit Card Fees; Government Relations | Permalink | Email this Post | Comments (0)

5/6/2008

### Education is Key

Any chance NACS gets to bend the ears of members of Congress and educate them about gasoline prices is a good thing for the industry. And luckily, Congress will hear on Wednesday from Bill Douglass, a Texas retailer and past NACS chairman, during a House committee hearing on how rising gasoline prices affect consumers.

Expect Bill to discuss how retailers aren't getting rich off of high motor fuels prices, and that credit card fees are eating away at what's left of fuel margins to the tune of \$7.6 billion – the amount convenience and petroleum retailers paid in credit card fees in 2007.

Here is an excerpt from Bill's written testimony:

"As you consider the overall impact of higher gasoline prices on your constituents and the economy in general, I want to stress that you should also be very concerned about how our industry is being hurt by higher gasoline prices. These higher prices have lead to reduced – and sometimes negative – gross profit margins, increased inventory costs resulting in extensions of credit lines and associated interest payments, and higher fees assessed by the credit card companies. These have all combined to put an increasing number of retailers on the brink of bankruptcy."

Look for more hearing coverage in NACS Daily and Friday's Washington Report. Let us know if you have a story to tell about how high gasoline prices aren't doing your business any favors.