



To: EFTA Board of Directors

Copy: EFTA Legislative & Regulatory Council
EFTA eFinancial Enablers Council

Date: May 16, 2008

Subject: Interchange Hearing

On Thursday, May 15, I attended a hearing on H.R. 5546 before the House Judiciary Committee's Antitrust Task Force.

The bill, also known as the Credit Card Fair Fee Act of 2008, would allow the government to set interchange rates.

Several questions from members revolved around the direct costs of processing transactions and the costs interchange fees are meant to offset. Members on both sides of the aisle asked how interchange fees were broken down.

Members and witnesses questioned the impact that lower interchange rates would have on consumers while some, including the consumer advocate from US PIRG expressed skepticism that the consumer would realize any savings.

While Visa and MasterCard were among those testifying against the bill, no large card issuers had been invited. Noting this, Chairman Conyers spoke of the need for another hearing to which large financial institutions would be asked to testify.

The fact that there is going to be another hearing is an indication that the bill is unlikely to be voted on this year.

EFTA will continue to monitor this activity and will advise you of any further activity.

If you would like to discuss this further please feel free to give me a call.

To read the prepared statements click on the link below:

<http://judiciary.house.gov/hearings.aspx?ID=204>