

Merchant Interchange Fee *Rates* are Steady – Transaction *Volumes* Are Increasing

Consumers are using their debit cards more and more with each passing year. Yet the interchange rate that merchants pay when they choose to accept debit cards for payment has remained relatively steady. True, the total interchange fees paid have risen, but that is because of two important reasons: (1) the volume of sales transactions has increased – which means greater total sales and profits for merchants; and (2) customers are choosing to increase their use of debit cards as a means of payment and merchants have encouraged them to do so. Simply put, since interchange fees are a relatively small and constant percent of transactions, ***the rise in total interchange fees paid is a sign of the success of retailers in selling more products, not a sign that merchants are being charged more.***

Retail Sales Are Increasing

Retail sales have grown by 54 percent since 1998, so it is natural that total interchange fees paid would also be rising (even if debit card usage did not change).

Customers Are Choosing Debit Cards Over Other Means of Payment

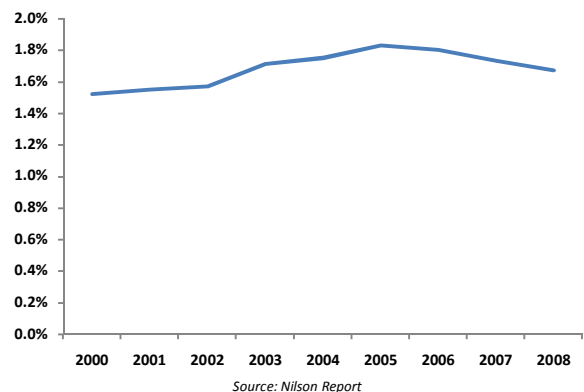
Since 1998, debit cards have gained a higher market share of payments as they displace cash and check transactions. Debit cards now make up 27 percent of all transactions up from 10 percent in 2001.

Greater sales and larger market share have driven an almost 700 percent increase in debit card transactions between 1998 and 2009. This growth trend benefits businesses by driving more sales, making transaction times lower and protecting retailers from bad checks.

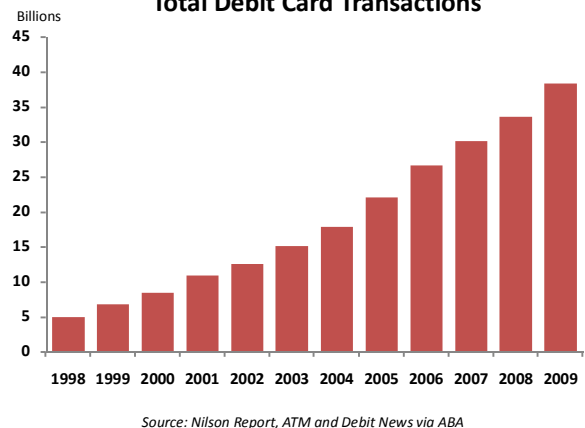
The bottom line: merchant fee rates are not going up – the entire increase in total fees paid is due to growing sales volumes combined with customers and merchants choosing to increase their use and acceptance of debit cards as a means of payment.

Congress: Support S. 575 and H.R. 1081

Interchange Fees as a Percent of Sales Volume



Total Debit Card Transactions



Debit Card and Paper Transaction Market Share

