

From: Jkw224@aol.com on 06/22/2004 09:00:53 PM

Subject: Debit Card Fees

Dear Sir:

I am writing to you concerning the debit/checkcard and credit card fees assessed by financial institutions on the user and the merchants. I have been in the retail business for 25 years. We have seen a steady increase in the amount of credit card purchases in each of those 25 years. In the last several years we have seen a significant increase in the use of debit/checkcards. I would estimate that we are at about a 60 to 40 ratio of credit cards to debit/checkcard transactions. Credit card fees are approximately 2%, While debit/checkcards with the pin pad are a straight \$.69. If I ring up a sale of \$100, the fee for credit card processing or swiping a debit/checkcard as a credit card, is \$2.00. If the customer enters his or her pin, its \$.69. A \$500 purchase costs me \$10 using the credit card processing method, but with the pin pad it's a straight \$. 69. In summary we are talking about two ways, and two ways only for the merchant to process the sale. Processing as a credit card which requires the customers signature and costs the business 2% of the purchase, or the second method which is processing with the pin pad and the customers pin number which is a straight fee. Ours is \$. 69 regardless of the amount. With banks scarring customers away from the pin pad with additional fees, it effectively leaves the merchant with only one processing method, the credit card processing at 2%.

The debit/check card basically replaces paper checks. Correct? Paper checks costs merchants roughly \$. 25 to deposit. A \$. 69 fee to process a debit/check card with the pin pad is a 276% increase in fees over paper checks. Using the \$100 example, a customer using their debit/checkcard and being scared to use their pin number for fear of fees, signs the transaction and forces the merchant into the 2% or \$2.00 fee. In this example replacing a paper check with a fear steered credit card transaction, we see a 800% increase in fees. This is outrageous. I have seen debit card junk mail offering cash back on debit/checkcard purchases, but only if they were processed as a signed transaction. This whole system of credit and debit/checkcard fees is a fraudulent joke being played on the small businesses in this country. If anything needs regulation, it's this area of our financial institutions. These people are having their way with us, and we need your help. They are forcing the customer and merchant to battle eachother over processing fees, all the while they are getting it from both of us.

Sincerely:

John K. Widmer
Watkinsville, Ga.