

Restaurants Push to Cut Credit-Card Fees as Part of U.S. Rescue

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- ▶ [Lobbying group asks Trump and lawmakers for help in letter](#)
- ▶ [Merchants spend more than \\$100 billion a year on swipe fees](#)



A restaurant stands empty during lunch hours in New York, on March 16. *Photographer: Gabriela Bhaskar/Bloomberg*

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V
VISA INC-CLASS A
136.65 USD
▼ -10.18 -6.93%

MA
MASTERCARD INC-A
205.32 USD
▼ -6.10 -2.89%

0603691D
**ELECTRONIC PAYMENTS
COALITIO**
Private Company

TGT
TARGET CORP
95.23 USD
▼ -2.17 -2.23%

Even a global health crisis can't quell the fight between credit-card companies and retailers over fees.

[Visa Inc.](#), [Mastercard Inc.](#) and banks that issue credit cards went on high alert Wednesday when the National Restaurant Association asked President Donald Trump and congressional leaders to cut the so-called swipe fees incurred every time a customer pays with plastic.

The Electronic Payments Coalition, representing financial firms, held an emergency telephone meeting the same day to discuss strategies for heading off any such proposal, worried it might get tucked into the final version of the massive rescue legislation in the works on Capitol Hill. Congress enacted a similar measure for debit cards in the wake of the 2008 credit crunch. The coalition's leader, Jeff Tasse, called the new push "unseemly."

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“They are advocating in the midst of an economic and health crisis for what a lot of people now realize is a failed policy,” he said. “It never benefited consumers, while at the same time it harmed small banks and credit unions who are on the front line in many communities.”

It’s unclear whether the measure will eventually make it into the rescue legislation. But there is no doubt restaurants are in for severe pain, and that many are fighting for survival.

The food-service association, which says it advocates on behalf more than 500,000 restaurant businesses, predicted the industry’s sales will plunge by \$225 billion over the next three months, leading to the loss of 5 million to 7 million jobs. The group’s letter seeks a wide range of aid, including tax relief and federal loan programs.

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“Providing short-term relief and longer-term recovery for restaurants and employees means looking at all options in the financial toolbox including grants, effective access to affordable credit, tax relief, easing lease, rent, mortgage and loan payments, reductions in credit card fees and more,” said Jeffrey Solsby, a spokesman for the association.

Lobbying associations for other major retailers said they were caught unaware when the request was made.

The National Retail Federation isn’t opposed to the idea of capping swipes fees, but the priority for merchants is obtaining more immediate assistance, said Stephanie Martz, the organization’s general counsel. Even if Congress passed interchange limits, the adjustments would probably need to go through a long regulatory process at the Federal Reserve.

“We are always in favor of lower overhead, and that’s a big part of our members’ overhead,” she said. “But we’re focused on the crisis right now.”

Other Requests

Some merchant groups may ask card companies in the near future to delay

planned increases to certain fees and to push back a deadline for gas stations to upgrade fuel pumps to accept chip cards, according to people with knowledge of the matter.

The issue of interchange fees has repeatedly flared up in Washington, pitting two constituencies important to lawmakers against each other -- banks versus merchants that range from giants like [Target Corp.](#) to the local liquor store. Few on Capitol Hill want to choose sides. The restaurants' proposal wasn't included in a draft bill that Republicans released late Thursday.

Visa and Mastercard argue the fees are appropriate, noting that the technology that runs the system isn't free and that consumer confidence in the system is essential. Retailers contend the fees force them to raise prices.

For a credit-card transaction, merchants typically pay about 2% of a total purchase and the fee is divvied up by the bank that issued the credit card, the merchant's payments processor and the card networks. Though the payment may amount to pennies per transaction, the money adds up, providing a major source of revenue to financial firms. Merchants spend more than \$100 billion to accept electronic payments a year, according to the Nilson Report, an industry publication.

The last time Congress took major action on card fees was in 2010 when the Dodd-Frank Act capped how much big lenders can charge for debit transactions. The law didn't touch credit cards, which the restaurant association now argues should face similar limits.

"The restaurant industry is one of low margins, tight cash flow and a workforce that depends on us for their livelihood," Sean Kennedy, the group's executive vice president of public affairs, wrote in the letter. "Without aggressive and immediate action from the federal government, many restaurants that are a staple of local communities will simply never resume service."

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