

Committee Report Supports StopStickingItToUs Coalition's Call for Oversight and Rules for Credit and Debit Card Fees

Senate Recognizes Need for Greater Transparency and Accountability in Canadian Debit and Credit Markets

Ottawa, June 30 – The *StopStickingItToUs* Coalition, representing over 250,000 Canadian merchant businesses, commends the Standing Senate Committee on Banking, Trade and Commerce for its report released today recommending fundamental changes to the way credit card companies, banks and payment processors operate in Canada. The unanimous report, focusing on the fees and rates charged to merchants and consumers, follows months of testimony from key players in the payments market, including merchant and consumer groups, credit card companies and Canada's largest financial institutions, among others.

"The Committee has clearly recognized that market forces alone aren't enough to defend us from the market dominance of the two major credit card companies and the banks," says Diane J. Brisebois, President and CEO, Retail Council of Canada. "The Senators saw the need for government to confront abuse in the credit market, and to protect Canada's low-cost and efficient debit system. The Coalition shares the Senate Committee's view that government must move swiftly to protect consumers and merchants."

The *StopStickingItToUs* Coalition thanks Senator Pierrette Ringuette for initiating this inquiry, and appreciates the leadership shown by Senator Michael Meighen, Committee Chair, who worked diligently with all committee members to build the consensus that shaped this landmark report.

Key recognitions and recommendations:

Credit

- appointment of an "oversight board" within an existing federal organization with a mandate to make recommendations, by December 31 2009, on any regulatory or legislative matters required to ensure fairness for participants in the credit card and debit card payments systems
- establish a code of conduct for payments systems participants and practices for setting fees and rates, in respect of which it should ensure compliance
- prohibit any "honour all cards" rules, including those that require merchants to accept a network operator's higher-cost premium cards
- permit surcharging and/or discounting by merchants
- permit merchants to inform customers about relatively lower-cost payment methods

Debit

- require the calculation of switch and interchange fees on the basis of a flat fee for debit card transactions
- set the interchange fee at zero for a period of three years for all debit card transactions
- a recognition that there is no justification for percentage fees on debit transactions
- prohibit priority routing in order that cardholders are able to select, at the point of sale, their preferred payment method when using a co-badged card
- for the purposes of ensuring a level playing field, the Minister of Finance should deem Interac, Visa and MasterCard as designated payments systems under the Canadian Payments Act if he or she believes that this action is necessary to promote the efficiency and competitiveness of payment systems in Canada

The Senate report is a major first step toward creating a new "Made-in-Canada" payment system that will ensure accountability, transparency and a level playing field for all stakeholders. A number of key concerns and recommendations put forth by the *StopStickingItToUs* Coalition have been adopted by the Senate Committee after several months of thoughtful deliberation and debate. The report will now be sent to the government for consideration.

“After hearing from the many stakeholders involved in the payments system, including card companies, banks and processors, Senators from both sides of the aisle agree that this market is broken,” says David Wilkes, Senior Vice President, Canadian Council of Grocery Distributors. “Merchants and consumers from coast-to-coast-to-coast look forward to government action based on the recommendations from this comprehensive study.”

The *StopStickingItToUs* Coalition has been at the forefront of this issue with a national campaign that began in the fall of 2008 to expose the questionable practices of credit card companies, banks and payment processors that have resulted in skyrocketing fees for merchants and consequential price increases for consumers. Thanks to the unwavering work of the Coalition, Canadians witnessed an unprecedented level of activity on Parliament Hill, which included the Standing Senate Committee on Banking, Trade and Commerce inquiry, an ongoing Competition Bureau investigation of Visa and MasterCard under the “abuse of dominance” rules of the Canadian Competition Act, and Joint Finance and Industry Committee Hearings in the House of Commons.

“The Committee has heard the concerns of more than 250,000 merchants from across the country and recognized the enormous negative impact it has on small businesses in particular,” says Dave Bryans, President, and Canadian Convenience Stores Association. “Our members rely on debit payments and the Senators clearly understood that something needs to be done.”

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About the StopStickingItToUs Coalition

The StopStickingItToUs Coalition is a group of Canadian associations, led by Retail Council of Canada and backed by over 250,000 businesses from coast-to-coast, that is standing up to the Big Credit Card Companies to put a stop to skyrocketing fees. Its members include: Retail Council of Canada, Alberta Liquor Store Association, Canadian Booksellers Association, Canadian Convenience Stores Association, Canadian Council of Grocery Distributors, Canadian Federation of Independent Grocers, Canadian Jewellers Association, Canadian Restaurant and Foodservices Association, Hotel Association of Canada, Ontario Accommodation Association, Ontario Restaurant Hotel and Motel Association, Retail B.C, The Canadian Independent Petroleum Marketers Association, The British Columbia Restaurant and Food Services Association, The Retail Merchant's Association of Canada (Ontario), Wine Council of Ontario, Mega Group Inc. Bicycle Trade Association of Canada, Canadian Oil Heat Association, Conseil québécois du commerce de détail, Camping in Ontario, Tourism Industry Association of Canada, and the Canadian Association of Chain Drugstores. Québec affiliate members: Association des marchands dépanneurs et épiciers du Québec, Association des détaillants en alimentation du Québec, Association des détaillants en matériaux de construction du Québec, Association des hôteliers du Québec, Conseil des chaînes de restaurants du Québec, Conseil canadien de la distribution en alimentation-Québec.

About Retail Council of Canada

Retail Council of Canada (RCC) has been the Voice of Retail in Canada since 1963. We speak for an industry that touches the daily lives of Canadians in every corner of the country - by providing jobs, career opportunities, and by investing in the communities we serve. RCC is a not-for-profit, industry-funded association representing more than 40,000 store fronts of all retail formats across Canada, including department, specialty, discount, and independent stores, and online merchants. RCC is a strong advocate for retailing in Canada and works with all levels of government and other stakeholders to support employment growth and career opportunities in retail, to promote and sustain retail investments in communities from coast-to-coast, and to enhance consumer choice and industry competitiveness. RCC also provides its members with a full range of services and programs including education and training, benchmarking and best practices, networking, advocacy, and industry information.

About The Canadian Council of Grocery Distributors

The Canadian Council of Grocery Distributors (CCGD) is a not-for-profit organization committed to advancing and promoting the grocery and foodservice distribution industry in Canada, at both the

regional and national level. The food distribution industry is Canada's second largest commercial sector. Member sales represent \$71.8 billion in retail and \$12 billion in foodservice. Members employ over 428,100 Canadians, and represent over 85% of all grocery (i.e. food, non-good, non-alcoholic beverages) distribution sales in Canada.

For further information: or to arrange an interview, please contact Mark Beazley, Director, Communications, Retail Council of Canada at (416) 922-0553 ext. 228, email mbeazley@retailcouncil.org