



September 12, 2016

Dear Members of the U.S. House Financial Services Committee:

On behalf of the restaurants, customers, and employees in your districts, we urge you to oppose the Financial CHOICE Act, which will be considered by the Financial Services Committee this week. The legislation continues to include language that would repeal debit swipe fee reform. Our members fought vigorously to achieve debit swipe fee reform six years ago and we are categorically opposed to its repeal. These critical reforms continue to bring a degree of competition, transparency and fairness to debit swipe fee costs where there was absolutely none previously. The National Restaurant Association will “key vote” this vote in committee for our 2016 scorecard.

The restaurant and foodservice industry consists of over a million locations nationwide with estimated sales of \$783 billion accounting for roughly 4% of our national GDP. As the nation's second-largest private-sector employer, we are an engine of entrepreneurship and job creation that plays a vital role in helping the economy in good and difficult times. Our members, who operate under low profit margins of 3 to 6 percent, must work every day to keep costs low for our customers.

For many restaurants, swipe fees account for one of their largest costs except for labor and food. In the years leading up to the Dodd-Frank reform bill, our members saw the cost of processing a debit transaction skyrocket from zero cents to approximately 44 cents per transaction. If restaurants wanted to accept debit cards, they were forced to sign restrictive contracts with card companies. This prevented our members from negotiating a lower price, accessing a market-based processing network and offering customer discounts for use of cash, checks and debit cards without penalty from the card networks.

Due to debit swipe fee reform, the Federal Reserve was required to adopt regulations that would result in debit swipe fees that were “*reasonable and proportional*” to the actual cost of processing a transaction, not the percentages card companies wanted to charge. The passage of the Durbin Amendment reduced debit swipe-fee rates to today’s average between 24 and 27 cents per transaction. In addition to the lower rates, the reforms also allow merchants to offer customer discounts for use of cash, checks and debit cards without penalty from the card networks. Significantly, as a result of these reforms, restaurants are now able to choose from at least two independent payment networks in addition to offering these consumer discounts.

Repealing debit swipe fee reform would once again tilt the balance away from Main Street small businesses, their consumers and your constituents. Please oppose the Financial CHOICE Act when it is considered by the Financial Services Committee.

Sincerely,

A handwritten signature in black ink that reads "Dan Roehl". The signature is written in a cursive, flowing style.

Dan Roehl
Vice President, Federal Government Affairs
National Restaurant Association