

NAMA NEWS RELEASE

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NAMA CAUTIOUSLY OPTIMISTIC REGARDING UPDATE ON DEBIT CARD SWIPE FEES

(CHICAGO) August 1, 2013 – Yesterday, the U.S. District Court for the District of Columbia ruled with the Plaintiff's (NACS, National Retail Federation, Food Marketing Institute, et al.) and against the Federal Reserve on the well-known case regarding debit-card transaction fees and the rate set by the Federal Reserve.

In a strongly worded 58 page opinion, Judge Richard Leon stated that “The Board’s interpretation of the interchange fee standard is foreclosed by the law and must be invalidated.” He further opined that “The Fed didn’t have the authority to set a 21-cent cap on debit-card transactions. The Board has clearly disregarded Congress’s statutory intent by inappropriately inflating all debit card transaction fees by billions of dollars and failing to provide merchants with multiple unaffiliated networks for each debit card transaction.”

Judge Leon further warned, “The statute and the legislative history demonstrate that Congress intended the swipe fee caps to reflect only the costs associated with an individual transaction, not any other costs ... The Fed has months not years to re write the rule in the light of this decision.”

“While this is a positive development for the industry, it is likely not a final decision and it does not change debit card transaction fees at this time,” said Eric Dell, NAMA’s senior vice president of government affairs. This case may be appealed by the Federal Reserve and could take months or years to be resolved, Dell cautioned. Issues related to electronic payments are sometimes referred to as the “Durbin Amendment.”

“We will continue to monitor and keep members updated on issues related to electronic payments and more specifically debit card transaction fees,” Dell said.

Founded in 1936, NAMA is the association representing the \$42 billion U.S. vending and refreshment service industry. With more than 1800 member companies – including many of the world’s most recognized brands – NAMA provides advocacy, education and research for its membership.

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