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SEN. REID WILL BRING SWIPE FEE DELAY AMENDMENT TO SENATE

On Wednesday, Senate Majority Leader Harry Reid (D-NV) said he would bring the amendment from Sen. Jon Tester (D-MT) on delaying the swipe fee regulations to the Senate floor, Reuters reports. Tester's amendment would push back regulation of debit card fees for two years.

Reid does not support the amendment but said he would get it to proceed to the Senate floor anyway. "I'm trying to find a way to do that now," said Reid.

Tester still hasn't the 60 votes necessary to get the proposal passed, said his spokeswoman Andrea Helling. With only one legislative days left in May, make your voice heard now on interchange fees. Our industry paid out \$9 billion in swipe fees in 2010.

OPINION: UNDERSTANDING WHY BANKS OPPOSE DEBIT-CARD REFORM

"It's not hard to understand why large banks oppose any attempt to overhaul the financial arrangements currently surrounding credit cards and debit cards," opened Simon Johnson in his opinion piece in the New York Times. Johnson is the former chief economist at the International Monetary Fund.

The heart of the opposition centers around the Durbin amendment to the Dodd-Frank 2010 financial reform act. Sen. Dick Durbin (D-IL) "required the Fed to place a cap on the fees that banks may charge on debit-card transactions." Then Sen. Jon Tester (D-MT) added his own amendment that would push back implementation of Durbin's legislation for two years.

No surprise why the big banks support Tester's amendment, wrote Johnson. "It's much harder to understand why Independent Community Bankers of America, the trade group for small banks, is pushing so hard for the Tester bill (and effectively shielding big banks from political pressure), because community banks are explicitly exempted from having to lower their fees, and individual executives from at least some small banks publicly support the Durbin Amendment."

Johnson continued: "The open secret of the American financial system is that while you and your friends might like to rail against banks over dinner, when the time comes to pay (at the grocery store or in the restaurant), you are likely to offer the merchant some form of plastic card."

Debit cards have fees averaging 44 cents per transaction in 2009. "The actual cost of these operations varies, mostly depending on economies of scale in the bank's processing operation (which is why the Durbin exemption for small banks makes sense). But over our current systems, the cost is very low; on average it is 4 cents for a transaction, according to the Fed," wrote Johnson.

Johnson concluded that the "Durbin Amendment is a determined attempt to give the small banks an advantage."

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June 20-23, 2011 – WOMA Convention – Suncadia Lodge – Cle Elum, Washington

August 3-5, 2011 – IPM&CSA Convention – Sun Valley Resort – Sun Valley, Idaho

August 30-31, 2011 – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

September 14-16, 2011 – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

September 21, 2011 – NPM&CSA – Tanker Yanker – Reno, NV

Petro Pete: *"Right now I'm having amnesia and deja vu at the same time. I think I've forgotten this before."*

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