



**Statement of the Massachusetts Bankers Association in opposition to
H260 – An Act relative to credit card surcharges; H306 – An act relative to
cardholder surcharges; and S178 - An Act relative to transparency in credit
card fees**

Joint Committee on Consumer Protection and Professional Licensure

Monday, July 24, 2023

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, thank you for the opportunity to provide you with our views on several bills before the committee today.

H260 – An Act relative to credit card surcharges

We believe that [Section 28A of Chapter 140D](#) works as intended and that any amendments to the statute should be carefully considered before being implemented. We appreciate that concurrent legislation to establish a commission and study the impact and prevalence of the bills mentioned above and others has been filed and recently heard before the Joint Committee on Financial Services.

We encourage the Committee to not move forward with this legislation until such a study is done to determine the necessity of amending current statute.

**H306 – An act relative to cardholder surcharges
S178 - An Act relative to transparency in credit card fees**

We have general concerns with proposed changes to existing statute as it relates to how credit card transactions are currently processed. Massachusetts law prohibits merchants from implementing a surcharge on credit card transactions. Specifically, **H306** and **S178** would change [Section 28A of Chapter 140D](#) of the General Laws and provide merchants the ability to include surcharges on credit card transactions and recoup the cost of using credit card systems otherwise known as interchange fees.

As you know, interchange fee agreements with card issuers and merchants partially reimburse card issuers for the activities they perform and the risk they take on for a transaction. In addition to the risk assumed for each transaction, there are also significant costs that go into operating a card program, such as billing and collection, customer service, data processing, fraud and security, and compliance.



Conversely, merchants benefit greatly by accepting debit, credit, and other forms of electronic payment as countless studies have demonstrated that customers prefer convenience. When a customer pays by a credit or debit card, merchants are guaranteed nearly instant payment and since a retailer is in business to sell merchandise, the merchants that are most efficient in encouraging customers to purchase quickly and with the greatest ease will gain more business.

By allowing merchants the opportunity to include surcharges on credit transactions, the cost of doing business with the credit payment systems will be covered by the consumer and not the merchant. As drafted, **H306** and **S178** ultimately stand to benefit the merchants' profit margins and not the consumer buying goods.

We encourage the Committee to oppose **H306** and **S178** and shield consumers from having to shoulder the cost that merchants must pay in order to use credit payment systems.

Thank you for your time and consideration of our comments on the bills before you. Please know that the Massachusetts Bankers Association staff and members are ready and willing to act as a resource to you for any matters before this Committee and otherwise. Please do not hesitate to reach out to us with any comments, questions or concerns.