

**Proposed Interchange Fees Will Harm Small Businesses**  
by Scott A. Pullins, Esq., Guest Columnist

Mount Vernon, Ohio - We depend on the federal government for many things, like highways, foreign policy, and providing a military to protect us. Since our country was founded, the federal government has grown to the point where it influences almost every aspect of our lives. Sometimes this is good, like making and enforcing laws about food safety. Sometimes it is bad, like over-regulating an industry until it disappears.

Our economy is thriving right now, despite the pressures of international competition and the draining of jobs by American companies to other countries where wages are cheaper. With so much competition and so many jobs disappearing, why is our economy growing?

Small businesses are expanding and growing, which is moving our economy. That is why it continues to grow. Being adaptable, Americans are finding new markets, new industries, and new opportunities to start businesses. Much of our "new" economy is based on retail sales and the provision of services for a fee rather than the "old" economy of production. This means that a bulk of our economy, especially for small businesses, is based on sales. Most sales today are generated by credit card users because credit cards give customers the flexibility to buy now and pay later, and credit cards are a tool to manage personal finances.

Credit cards are an important tool in maintaining and growing my business. When someone is ready to buy, they are more likely to make a purchase if they have the power of credit card use. Credit cards give me the ability to close the sale as quickly as possible, thus serving both our needs.

As a small business owner, I see the many benefits for all participants in the economy of credit card availability. For a small fee, I get paid quickly and conveniently, and receive reports from the credit card company. My customers get the peace of mind of cashless purchasing, and can make payments as they fit their budget. In addition, credit card users receive frequent shopping benefits and other special offers.

This is I am very concerned about the recent Senate Judiciary Committee hearings on interchange fees. Why should we spoil a good thing that works?

Like most small businesses, I do my best to keep costs and expenses down. However, to me, the interchange fees on credit card transactions are well worth integrating into my budget because of the many benefits I receive. From experience, I know the current system works, and works well.

By accepting credit cards, I know that my money will go directly into my bank account. This saves me time, which means it saves me money. These valuable services help me keep my prices down for my customers. I do not have to worry about depositing checks that may not clear, or keeping large amounts of cash at my workplace. In addition to the convenience of

direct deposit, the reports I receive from the credit card companies assist me in managing my business and planning my budget.

The impact on our economy if interchange fees are set at an artificially low price will be devastating, especially for small businesses. If the credit card companies have to spend money to comply with new regulations while making less money, they will pass all these costs on to businesses and consumers. Australia tried to regulate interchange fees and it was a complete failure because it played out exactly as I fear it will here: less money circulating, decreased tax bases, and fewer jobs.

Small businesses are the backbone of the American economy, bringing energy, capital, new jobs, and urban renewal. If the federal government wants to help small business, they should continue to let the free market regulate the interchange fees – not the special interests fueled by greedy businessmen and money-hungry lawyers.

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