

To: Interested Parties

From: Brian Tringali
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Re: Key findings from a national survey of likely voters about “swipe fee” reform

Our recent national survey found that once informed, voters had an extraordinary level of support for the proposed Federal Reserve rule on debit card processing fees. This support crosses all party lines, as well as numerous demographic subgroups. Given the overwhelming support for swipe fee reform and continued negative feelings toward the nation’s banking industry, it is difficult to understand why Congress would consider delaying swipe fee reform. Last minute action to assist the banking industry at the expense of small businesses and retailers would seem imprudent – particularly at this time.

- At this stage, voters have only a vague understanding of the provisions of the CARD law. In fact, a plurality (47%) of voters indicates they are not at all familiar with the law.
- Despite this lack of familiarity, fully 70% of likely voters support the proposed change in debit card processing fees after hearing a brief explanation of the proposed rule. This includes 45% of the electorate who “strongly” support this change, so there is some intensity.

There is majority support among Republicans, Democrats, and Independents as well as strong majority support among key voting blocs like seniors and college graduates. The following question was asked early in the survey:

“As you may already know, the Federal Reserve is in the process of changing the rules about the rates that banks charge merchants to process their debit cards. Right now, Visa and Mastercard, along with banks, charge merchants a percentage of the total sale for each debit card transaction. This rule would limit the charge for each transaction to no more than twelve cents per sale. With this in mind, do you favor or oppose this new rule by the Federal Reserve to limit the fees that banks charge merchants to process debit card sales?”

- In addition, fully 55% of rule supporters (39% of all voters) indicate they would be willing to take action like signing an online petition or sending an e-mail to the Congressman in support of this change.

In a strong indication of where voter opinion is headed on this issue, support for allowing the reform is at 78% among those who are extremely or very familiar with the proposed change.

- In message testing later in the survey, the most impactful messaging tested was criticisms of large banks and their practices. The two most impactful messages are summarized in the chart below.

Message	% More Likely	% Less Likely
This rule will give small businesses protection from the heavy handed processes of the banking industry.	77%	18%
Big banks were a major cause for the current financial crisis and then they took huge government bailouts. Their opposition to this proposal is just another attempt by them to make huge profits off small businesses and consumers.	64%	31%

- Indeed, after hearing both complimentary and critical messages about the proposed rule, support for the rule grows to 74% and willingness to take action rises to 61% among supporters (45% of all voters).

In summary, voters clearly support this change to debit card processing fees. Their initial strong support grows even stronger and more intense as they learn more about both sides of this issue. Most voters do not know every nuance about the regulation of debit card processing fees. However, in a policy debate that pits retailers against large banks, voters have a strong preference for regulation that protects retailers and consumers from the unreasonable practices of banks.

METHODOLOGY

The Tarrance Group is pleased to present the findings from a national survey of likely voters. All respondents interviewed in this study were part of a fully representative sample of N=800 likely voters nationwide. Responses to this survey were gathered February 28-March 2, 2011. The confidence interval associated with a sample of this type is $\pm 3.5\%$ in 19 of 20 cases.

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