

# Cutting cost of debit cards

Bill attacks surcharges as consumer use of pay system rises

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ALBANY -- Consumer groups are moving to make sure that when you're asked "debit or credit" at the checkout counter, the answer won't have any impact on your receipt. Advocates joined state Sen. Eric Schneiderman on Tuesday to promote a bill that would ban surcharges on purchases made with debit cards -- an issue that its backers admit might not be a major issue now, but could become one as the cards continue to displace the use of cash, checks and credit cards.

"We don't run the economy ... but we can make sure that everyone does get equal justice, and that everyone has to play by the same set of rules," said Schneiderman, D-Manhattan, noting that surcharges on credit card purchases have been banned in New York since 1984, long before debit cards came on the scene.

"This legislation is very simple, but I'm proud to say we got agreement from essentially all the interested parties," he said, noting that changes had been incorporated to satisfy some of the concerns expressed by retailers -- including an exemption for purchases of less than \$5 and clear language that makes it legal for a store to offer a discount for old-fashioned cash transactions.

Many of the consumer groups present -- including Citizen Action, the state Credit Union Association and Consumers Union -- spoke about the coming boom in the use of debit cards as the conveyance of choice for many government benefits at both the state and federal level. Federal agencies are scheduled to start distributing all public benefits, including Social Security, through debit cards and direct deposit by 2013, according to Laura Cameron of the state Association of Area Agencies on Aging.

Ted Potrikus of the Retail Council of New York State praised Schneiderman's willingness to tweak the bill to meet the concerns of retailers, although he expressed frustration that those at the news conference tended to disparage retailers for a practice they weren't engaged in -- as opposed to the credit card companies that derive large profits from the proliferation of debit cards.

For example, Potrikus noted that a customer who uses her debit card to buy a \$2.50 coffee and then takes the option to extract \$50 in cash from the same shop obliges her local establishment to pay the credit card company the percentage on a \$52.50 transaction, although the retailer will reap the benefit from a mere fraction of the purchase.

A similar bill is backed in the Assembly by Queens Democrat Audrey Pheffer. The New York Bankers Association has no position on the bill.

