

The CO bill impacts the following entities:

Payment Card Networks (Visa, Mastercard, AmEx, and Discover):

- The bill establishes a number of prohibitions on current payment card network practices.
- The only parties that can be sued and subject to penalties under the legislation are payment card networks.

Covered Credit Card-Issuing Banks (over \$50 billion in assets – about 40 financial institutions total, none headquartered in CO):

- The bill would prevent covered issuers from using credit card interchange fee schedules established by Visa and Mastercard – but card-issuing banks are not subject to any kind of legal penalty under the bill, as the bill simply prohibits networks from putting forward credit card fee schedules that the network knows or reasonably should know are being used by covered issuers. This would have the effect of prompting covered credit card issuers to come up with their own fee rates rather than continuing to use the fee rate schedules Visa/Mastercard put forward. (Credit card issuers with assets under \$50 billion and all debit card issuers could continue to use Visa/Mastercard fee schedules).
- Subsection (4)(e) would affect covered credit card issuers in that networks could no longer require that merchants accept their cards. This provision is necessary because if covered credit card issuers start setting their own interchange fee rates, merchants need the ability to be able to refuse to accept cards issued by covered issuers if the issuers set their fee rates too high.

Non-Covered Card-Issuing Banks (under \$50 billion in assets):

- Subsection 4(c) provides that no payment card network can continue to put forward a fee schedule that includes fees that apply to the tax/tip portion of a transaction. As a result, all non-covered card-issuing banks who continue to use a fee schedule from Visa/Mastercard (for either debit or credit cards) could no longer use a fee schedule that includes taxes and tips in the calculation of interchange fees. Visa and Mastercard would thus have to change their fee rates to exclude the tax/tip portion from the rate calculation and then issuers could continue to use the fee schedules. Again, the bill only subjects payment card networks to penalties under this provision—not issuers.

Merchants:

- The CO bill would positively impact all merchants who accept cards as payments if they so choose (i.e., merchants would no longer have to pay interchange fees on sales tax and tips for credit and debit card transactions; merchants would have the ability to negotiate fee rates that are set by individual covered credit card issuers and merchants could choose not to accept some covered issuer credit cards if the issuer sets its rates too high; merchants could no longer be penalized by networks for lawfully discounting/surcharging between different modes of payment; merchants could no longer be charged for disputed transactions or dispute resolution fees by networks without a determination of liability and written advance notice; and merchant transaction data could not be used or distributed by networks except for specific purposes).

Consumers:

- The CO bill would positively impact all consumers by reducing excessive interchange fees which inflate retail prices; by protecting consumer transaction data from being used or distributed by payment card networks except for specific purposes; by preventing card networks from charging consumers for a disputed transaction unless the dispute has been resolved with a determination that the consumer is liable for the disputed transaction and the consumer has been provided notice; and by allowing consumers to benefit from more merchant discount options as the law prevents card networks from penalizing merchants for lawfully setting prices (including discounting for some forms of payment over others, like discounting for debit over credit).