

July 23, 2024

*Sent via email:*

## **Subject: Request re Implementation of Credit Card Rate Reduction**

To whom it may concern:

As you may know, the Canadian Federation of Independent Business (CFIB) is a non-partisan, non-profit organization representing over 97,000 small- and medium-sized enterprises (SMEs) from all sectors of the economy and from all parts of Canada. In spring 2023, CFIB welcomed the new agreements between the Federal government, Visa and Mastercard to lower credit card processing fees for smaller merchants. CFIB has been heavily involved in these discussions and was pleased to join the Deputy Prime Minister when she announced the deal at a CFIB member business last year.

CFIB has been staying close to the file since the announcement and Visa and Mastercard have assured us that acquirers are ready for the implementation this fall. **As a result, we are writing to request more detailed information on how your company will ensure the full value of these savings is passed on to small businesses.**

In the two previous rounds of interchange reductions, CFIB members alerted us to many instances where reductions were not properly passed on to merchants. We worked closely with the federal government to raise issues with several acquirers which prompted action. As this reduction is specifically targeted at small businesses, CFIB will be working even harder to ensure proper implementation based on member feedback.

To help us in this regard, we are seeking more details of your readiness and plans to pass these cost savings on to small businesses. We would appreciate your responses to the following questions in writing, allowing us to share information with CFIB members who may be your customers.

1. **Implementation Details:** Can you confirm whether you plan to **fully** pass along the fee reductions to qualifying merchants? If not, how much will you pass along?
2. **Timeline:** When will the new rates be in place for your merchant clients?
3. **Rate structures:** How will you implement the new rates for businesses on Interchange Plus Pricing (IPT), Merchant Discount Rate (MDR), and bundled rate structures? We would appreciate a table detailing the major rates you charge now against the rates planned upon program launch.
4. **Client Notification:** What steps will be taken to notify merchants about the rate reduction?
5. **Verification Process:** What process do you have in place for merchants to verify that they have received the rate reduction? Is there an acquirer or industry-based verification process in place to allow merchants to confirm whether they qualify?
6. **Merchants with Multiple Locations:** How will you guarantee that merchants with multiple locations will see the reductions/savings?

7. **Reductions Not Passed On:** If you do not plan to pass the full reduction along to merchants, can you please let us know why you will not be doing so and how you plan to communicate that to your merchant customers.
8. **Contract Exit Process:** What process can merchants follow if they wish to exit their contract in the event that the reductions are not passed on?
9. **Rate Increases:** Have you announced any rate increases in the past 3 months (or have plans to in the near future) that may reduce the amount of savings small merchants see this fall? If so, please let us know the size and reason for any increase (including the recent legislation around GST/HST).
10. **Follow-Up Contact:** Who can CFIB contact for follow-up if our members require assistance? Please provide us with a senior-level point of contact in case further information is required.

Please note that we plan to post your responses to these questions on our website and share this information with our members upon request. If you do not respond, this will also be noted on the website. This transparency is vital to ensure that small businesses are fully informed and can benefit from these important changes.

Thank you for your attention to this issue. We look forward to your prompt response and please don't hesitate to contact us should you wish to discuss these issues further. You can reach us by sending an email to Michelle Auger ([michelle.auger@cfib.ca](mailto:michelle.auger@cfib.ca)).

Sincerely,



Dan Kelly

President and CEO



Corinne Pohlmann

Executive Vice-President, Advocacy