



Association canadienne
des restaurateurs et
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**Canadian Restaurant
and Foodservices
Association**

September 17, 2008

Ottawa Citizen
1101 Baxter Road
Box 5020
Ottawa, ON
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Dear Editor,

Re: Credit cards let customers travel the world (Sept. 17, 2008)

It's understandable that Canadians are eager to take advantage of the travel perks offered by credit card companies, but what the average consumer might not know is that these perks are driving up prices on restaurant menus and in stores. The old expression "there's no such thing as a free lunch" holds true – especially for credit card perks.

While Visa and MasterCard offer cardholders a variety of travel and other rewards, merchants are charged additional fees for accepting these "premium" credit cards. Customers may receive new benefits at no additional cost to them but restaurateurs and retailers are footing the bill. Rising food and other costs are already putting significant financial pressure on restaurateurs and they have little choice but to try to recoup some of their credit card fees by increasing menu prices.

When Visa or MasterCard introduce new plans or benefits for cardholders they can unilaterally charge merchants higher fees for accepting these cards. The worst part is that merchants have to agree to accept ALL MasterCard and Visa cards and cannot charge cardholders a fee to cover the additional costs of accepting "premium" cards.

Restaurant operators and consumers both appreciate the convenience that credit card payments provide and processing fees help credit card companies cover off costs such as fraud protection, technology improvements, and other operating costs. However, a recent study by Diamond Management and Technology Consultants shows that approximately 44% of the processing fees go to cover the cost of rewards programs. With banks and credit card companies heavily promoting "premium" cards, these fees keep increasing. Over the last year alone, Visa and MasterCard have increased their rates 4 times!

The Canadian Restaurant and Foodservices Association recently joined a coalition led by the Retail Council of Canada and backed by over 120,000 businesses from coast-to-coast to stand up to the Big Credit Card Companies to put a stop to skyrocketing fees. To learn more about how you can stop credit card companies from driving up prices, please visit <http://stopstickingittous.com>.

Yours truly,

Justin Taylor
Vice President, Labour and Taxation