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| **Epic battle on debit-card swipe fees amazed lobbyists, annoyed senators** |  |

*Fly-ins so heavy lawmakers avoided constituents; ads ran in more than 30 states*

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By [**William Ehart**](mailto:ehart@ceoupdate.com)  
  
Seasoned veterans say they have never seen anything like the lobbying war over swipe fees, as advocates for retailers and financial companies squared off with heavy ad campaigns and massive grassroots efforts that tested the limits of many lawmakers’ patience.

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Some lobbyists were sleepless before the Senate’s climactic vote June 8 on an amendment to delay swipe fee limits; others, on the financial side, were in tears afterward.

“This was certainly the most intense, the most knock-down, drag-out, friend-on-friend kind of lobbying I’ve ever encountered,” said David French, senior vice president for government relations at the National Retail Federation.

“Like many members of the Senate, we hope it’s a once-in-a-lifetime experience,” said NRF CEO Matt Shay.  
Senators were overwhelmed by hundreds of thousands of constituent contacts—including Hill visits, emails and phone calls—organized by the competing camps in the space of a few months.

Ad campaigns ran in more than 30 states: Undecided senators were courted while some who had taken positions were alternatively pressured and defended via print, television, radio and Internet. The coalition representing the financial industry even rented a flatbed truck, complete with billboard, to drive around Washington, D.C., in conjunction with member visits.

“If the campaign had gone on much longer, we were going to get even crazier,” said Trish Wexler, spokesperson for the Electronic Payments Coalition, which includes small-town banks and credit unions as well as big Wall Street banks and Visa and MasterCard.

**Senators ‘afraid’**

Senators were said to be “afraid” of voting on the issue, and tried unsuccessfully to find a compromise so as not to alienate either side. They went to ground, tuning out and avoiding the rival factions. In some cases, they verbally confronted constituents, to the point of disrespecting some with whom they had longstanding relationships, said Jason Kratovil, a lobbyist for the Independent Community Bankers of America.

But Sen. Mark Begich (D-Alaska) invited both sides into his office for a debate the morning of the vote.  
Three Credit Union National Association representatives, including CEO Bill Cheney, and retail advocates including NRF General Counsel Mallory Duncan and lobbyist Beth Provenzano, spoke with Begich for an hour in what was described as a cordial atmosphere.

“It was absolutely the first time that I’ve been in a meeting like that,” said CUNA lobbyist Ryan Donovan, who also was present.

“We left that meeting very concerned,” said French. (Rightly so, as Begich voted against the retailers.)  
In the end, the retailers prevailed as an amendment sponsored by Sen. Jon Tester (D-Mont.) to delay implementation of the limit on swipe fees failed to attract the 60 votes needed.

The vote was a nail-biter, even with Senate Majority Whip Dick Durbin (D-Ill.)—sponsor of the amendment last year to impose swipe-fee limits—helping the retail side with vote counts. Many senators remained undecided until the last moment.

Financial industry lobbyists took heart that they had persuaded a majority of senators, 54, to vote to delay the fee limit. In fact, 12 senators switched their votes on the issue, including Begich: Having voted last year with Durbin to impose fee limits, they voted with Tester to take another look.

**Strategy switch**

The swipe-fee war has been going on for more than a decade. But the seeds of retail’s victory—at least so far—were sown by a shrewd strategy shift early last year.

Having fought Visa and MasterCard in court on antitrust grounds—against both debit- and credit-card swipe fees—retailers needed a different way forward, said Scott DeFife, top lobbyist for the National Restaurant Association.

They decided to split the debit issue from the credit issue, and successfully sought legislation as part of the Dodd-Frank financial overhaul authorizing the Federal Reserve to regulate debit swipe fees based on longstanding authority over what banks can charge to handle checks.

But this year, the financial lobby launched a massive counterattack.

CUNA alone arranged 500,000 constituent contacts in the three months leading up to the June vote on delaying the Fed rules, including visits to the Hill, emails and phone calls.

The ICBA brought in tens of thousands more.

“It definitely broke all records for our grassroots communications with the Hill,” Kratovil told CEO Update.  
The effort left even retail advocates in awe.

“I represent an industry that’s on every street corner in America,” said Lyle Beckwith, a 25-year veteran and top lobbyist at the National Association of Convenience Stores. “But when I saw what the credit unions were able to do [in grassroots mobilization] it really inspired me to take our industry to the next level.”

**Retailers respond**

Retailers responded with their own ground attack. Their Merchants Payments Coalition, formed in 2005, represents virtually every retailer in the country, from gas stations to theaters to supermarkets to big-box stores. It is headed by the NRF’s Duncan.

The National Restaurant Association itself brought 500 restaurateurs from 45 states to visit the Hill.  
“We did a pretty good job of fly-ins in April, stopping the tide of cosponsors” of the Tester amendment, DeFife said.

The NRF also benefited from its newly expanded lobbying team: French, with a Republican background, was hired to lead the effort in January, and Provenzano, a former Democratic Senate aide, came on board just April 14.

The retail federation launched its own large grassroots lobby effort in May.

Much of the advertising war was waged under auspices of the coalitions. The retailers targeted Tester’s home state of Montana as well as states including Maine, New Hampshire and Alaska.

“I was in Montana for two days and watched TV for a total of 40 minutes, but I saw both their ads,” said CUNA’s Cheney.

French said retailers turned up the heat on Tester amendment supporters to dissuade others from joining them.  
“We weren’t trying to change their votes, we were hoping to show how the wrong position could be made very unpopular.”

Both sides ran ads supporting sympathetic senators.   
Despite the intensity of the fight, most participants said it wouldn’t affect personal relationships with lobbyists on the other side.

“I don’t hold any grudges,” Beckwith said. “That’s easy for me to say because we won. But I might feel different if we lost.”