



A coalition representing the interests of small businesses across Canada

TIME TO LISTEN TO MAIN STREET, NOT BAY STREET

TORONTO, ON, September 14, 2016– The release today by both Visa and MasterCard of the long awaited ‘independent third party audits’, of their promised credit card merchant fee reductions- under a voluntary agreement struck in April, 2014 with the previous Government of Canada- confirms what the Small Business Matters Coalition has been saying for the last year. “We have stated all along that the promised voluntary reductions by the two big credit card companies, to an overall average rate of 1.5% was not meaningful enough to make any real difference to the plight of Canada’s small business” said Gary Sands, Chair of the Small Business Matters Coalition and Vice President of the Canadian Federation of Independent Grocers. “However, it is even more disconcerting that even *that* very modest target has not been met.” The Coalition has always questioned why an overall average merchant fee rate of 1.5% was chosen by the previous government and what it was based on. Canadian investment company Nesbitt Burns dismissed the proposed voluntary fee reduction of approximately only a 10% reduction as having “no positive financial impact” for merchants.

The Small Business Matters Coalition also believes that the audit results bear additional scrutiny. Last year, Costco negotiated an undisclosed preferential fee agreement with Mastercard. If that fee deal is incorporated into the overall aggregate results being reported by Mastercard, then “This would be another case of merchants on Main Street subsidizing companies on Bay Street”, Sands added.

“We are very encouraged that the new Government of Canada has responded to the audits released today with a commitment to begin moving to conduct an assessment and analysis of the marketplace and report back to the Minister” said Alex Scholten, Vice Chair of the Coalition and President of the Canadian Convenience Stores Association. Scholten added that this is a recognition that the ‘solution’ to this issue adopted by the previous government “has failed to address concerns of the merchant community and hopefully can explain why Canada’s interchange swipe fees remain so much higher than the regulated cap fees in other jurisdictions, such as the EU, Australia and the UK.



As Tricia Anderson, also a Vice Chair of the Coalition and President of the Canadian Independent Petroleum Marketers Association pointed out, “Canadian businesses are paying in the range of \$5 to \$7 billion in interchange swipe fees every year. Ninety eight percent of the businesses in Canada are defined as small and medium size and it is these businesses that are paying the bulk of these billions of dollars in fees annually siphoned out of the economy to the payments industry.”

This is money that small businesses could use to reinvest in their businesses, remain price competitive, hire more people in their communities and source more local suppliers for products she added.

###

The [Small Business Matters Coalition](#) was formed in 2014 to represent the interests of Canada’s small businesses. The coalition is comprised of trade associations that represent in excess of 100,000 small business sites operating in Canada.



For more information on these matters, the following SBM members are available for comment:

Gary Sands
 Small Business Matters Chair
 VP, Canadian Federation of Independent Grocers
 1-416-409-7882

Alex Scholten
 Small Business Matters Vice-Chair
 President, Canadian Convenience Stores Assoc.
 1-506-292-2879

Tricia Anderson
 Small Business Matters Vice-Chair
 President, Canadian Independent Petroleum Marketers Assoc.
 1-905-823-6996