

this type of thing. Iowa is one of the states has made changes that the banks feel are favorable to the credit card industry that they could operate under economically and profitably.

SENATOR KAHLE: Is that increase in the card cost or an increase in interest or both?

SENATOR DeCAMP: I would have to check specifically the Iowa changes, but I know for sure they have higher interest rates and they may have card charges also, I believe.

SENATOR KAHLE: Another question, what happens to the money the merchant pays for the service?

SENATOR DeCAMP: A very good point, it is one of the other things I wanted to raise here when I ran out of time. You may remember when the credit card business started and you were flooded with credit cards from all over and who knows where and you didn't know which bank really was sending them to you. The merchants, when you went into the merchant charged, he told you well, heck, he was paying 5% or 6% additional in addition to what you were paying for interest. As the competition became very keen, the banks, the industry, the credit card industry cut back dramatically on how much the merchant received or how much the merchant paid, I should say. From 6 to 5 to 4, some of them now are paying or receiving, the banks are receiving 1½, 2, 2½, it depends. One of the other options may be of the banks, another variable that I would hate personally to see, would be to dramatically increase again the charges to the merchants but then everybody is stuck with this, the whole consumer is stuck with this higher merchandise cost. I think the one using the credit card should be paying this, either through the fee or the interest or something rather than putting that on everybody.

SENATOR KAHLE: Isn't it possible now that a merchant can price his goods or not accept a credit card for the payment and perhaps, and I know I have bought gasoline from stations where you had to pay cash and there was usually a couple cents difference in the price. There is nothing to stop that, is there from happening?

SENATOR DeCAMP: No.

SENATOR KAHLE: You couldn't divide the price though. You can't charge a credit card customer more than a cash customer. You just can reject the use of credit cards. Wouldn't that be correct?

SENATOR DeCAMP: Basically, yes, as I understand it now, Senator Kahle.