



**ATMIA Applauds Department of Justice for Countering Network
Antitrust Practices in the Card Industry**

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The global non-profit ATM Industry Association today applauded the recent actions taken by the US Justice Department and seven states (Connecticut, Iowa, Maryland, Michigan, Missouri, Ohio and Texas) in suing American Express, MasterCard and Visa for anticompetitive practices relating to credit or charge cards. The lawsuit was filed on October 4, 2010 in the U.S. District Court for the Eastern District of New York.

The Justice Department, followed by the seven states, alleged in the lawsuit that American Express, MasterCard and Visa were “attempting to insulate themselves from competition” and that “each has suppressed competition with rival networks”, all in violation of Section 1 of the Sherman (anti-trust) Act. The government argued that these practices have led to increased costs for the affected merchants, resulting in higher prices for the consumer.

Specifically, the government alleged that American Express, MasterCard and Visa maintain rules that prohibit merchants from encouraging consumers to use lower-cost payment methods when making purchases. In a press statement dated October 4, 2010 (<http://www.justice.gov/opa/pr/2010/October/10-at-1115.html>), the Department of Justice gave as an example rules which prohibit merchants from offering discounts or other incentives to consumers in order to encourage them to pay with credit or debit cards that cost the merchant less to accept at the point of sale. In its press release, the Department of Justice announced a “proposed settlement with Visa and MasterCard, that, if approved by the court, would require these two networks to allow merchants to offer discounts, incentives, and information to consumers to encourage the use of payment methods that are less costly”. American Express did not join in the proposed settlement.

The prohibitions identified by the Department of Justice focus on the impacts to the merchant and consumer at the point of sale. Similar restrictions on ATM networks negatively impact non-bank ATM deployers, inhibiting their ability to provide consumers with additional convenient access to cash in predominantly off-branch locations. As ATM competition is reduced as a result of these restrictions, consumers will face a corresponding decrease in choice and convenience at the nation’s ATMs.

“The ATM Industry Association is pleased that the Department of Justice and these seven states have intervened to curtail anticompetitive practices in order to enhance competition among the networks and thus lower costs for both merchants and consumers,” Mike Lee, CEO of ATMIA, commented. “There are other anticompetitive network restrictions that affect debit and pre-paid cards used at ATMs that do not appear to be covered by either the lawsuit or the proposed settlement.” As examples, Lee noted the network prohibition against surcharging of international cardholders, restrictions on differential surcharging and tiered interchange rates that favour bank-owned ATMs.

ATMIA, which represents the owners of approximately half the total installed base of ATMs in the United States, will work with the Attorneys General and Department of Justice to pursue a resolution of these industry restrictions in order to stop the erosion of ATM competition in the country.

For more information, contact Mike Lee at mike@atmia.com.

ABOUT ATMIA (www.atmia.com)

The ATM Industry Association is a global non-profit trade association with over 1,950 members in about 50 countries. Its mission is to promote ATM convenience, growth and usage worldwide, protect the ATM industry's assets, interests, good name and public trust; and provide education, best practices, political voice and networking opportunities for member organizations. In June 2003, ATMIA established the Global ATM Security Alliance (GASA) with the mission to employ global security resources in a united alliance in order to protect the ATM industry from criminal activity.