



May 31, 2023

**Dear Member of Parliament,**

On behalf of the thousands of local businesses our associations represent across Canada, we are requesting your support to ensure Finance Minister Chrystia Freeland honours a commitment made in Budget 2021 concerning the reduction of exorbitant credit card fees paid by small and medium-sized businesses.

Despite the fanfare around the federal government's May 18<sup>th</sup> announcement that interchange fees were being reduced for some businesses, it actually will do very little to reduce the estimated \$10 billion in annual interchange "swipe fees" businesses pay in this country. Our collective members were excited to see the federal government announce a 27% reduction of fees in Minister Freeland's latest budget. However, that excitement was short lived. The reality is that the voluntary thresholds of \$300,000 for Visa sales and \$175,000 in Mastercard sales, effectively excludes any of our members from realizing any reductions. Other qualifying businesses will save a maximum of \$1,080 annually; a very small sum that will make a limited difference for both local businesses and consumers who are looking for lower prices. Instead, this decision caters to the banks and credit card companies who continue to report record profits on the backs of our local businesses.

For our collective high-volume, low-margin industries, our members don't have the same bargaining power to negotiate reduced fees with credit card companies as larger enterprises. As a result, offering the consumer the convenience they demand by paying with credit card and collecting reward points, has now become a major cost of doing business.

With these current thresholds in place, very few if any of our members will qualify for savings. That's troublesome, especially when many small communities in Canada are not served by a large grocery store and they rely on smaller independent grocers and their local convenience stores for essentials. If these businesses close, the ripple effect on these communities is severe.

**Convenience Industry Council of Canada** PO Box 1302, Station K, Toronto, ON M4P 3J4

**Canadian Federation of Independent Grocers** 105 Gordon Baker Rd., Suite 401, North York, ON M2H 3P8 [cfg.ca](http://cfg.ca)

**Association des détaillants en alimentation du Québec** 2120 Sherbrooke St E, Montreal, Quebec H2K 1C3 [adaq.qc.ca](http://adaq.qc.ca)

We are asking that you contact Minister Freeland's and Minister Ng's office to make clear that this interchange policy fails the majority of local businesses in your constituency and, encourage them to take immediate action and honour the commitment to "ensure that these (small) businesses benefit from pricing that is similar to large businesses." The current model excludes the majority of essential businesses that your constituents depend on for daily essentials. Inaction on high interchange fees threatens the viability of both local small and mid-size businesses and Canadian communities from coast to coast.

Should you have any questions, we would welcome the opportunity to speak about this issue further.

Sincerely,



Anne Kothawwala  
President & CEO  
Convenience Industry Council of Canada



Tom Shurrie  
President & CEO  
Canadian Federation of Independent Grocers



Pierre-Alexandre Blouin  
CEO  
Association des détaillants en alimentation du Québec