



## Better Pricing Could Help Resolve The Conflict.



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"Somebody has to step to the forefront with a national POS mark with pricing that will incent issuers to move toward it. If you look at what issuers make with online POS transactions today, it's probably a penny," Campbell says.

Reconciliation of online and off-line debit card pricing could lead to reconciliation between retailers and card associations.

CN has been told of new national online debit products in the works, which would feature higher interchange rates, but has not received confirmations.

Mitchell Shapiro, the lead attorney for the plaintiffs in the Wal-Mart lawsuit, says retailers deserve the right to negotiate interchange fees on a business-by-business basis.

While acknowledging that retailers are free to install online point-of-sale PIN pads in their stores, Shapiro says the motivation and incentive to do so is killed by the flooding of the market with off-line cards.

"Anyone who thinks the retailer has any choice not to take the off-line debit card is crazy," says Shapiro, who works for Constantine & Partners of New York.

Shapiro warns that retailers will receive treble damages for every dollar earned by banks on off-line products if he beats Visa and MasterCard in the lawsuit.

At Faulkner & Gray's Debit Card Forum three weeks ago in Miami, Beth Costa, a consultant at Boston-based Dove Associates, said damages will be moot because "we may see online fees increase and narrow the gap between the two products." (Beth Costa, Dove, 412/486-2755; David Campbell, KeyCorp, 216/689-9588; Ron Rawson, R.C. Rawson Co., 415/362-7673; Mitchell Shapiro, Constantine & Partners, 212/350-2702; Glynnis Woolridge, MasterCard, 914/249-4606.)

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