



**PETROLEUM
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PCI Compliance

The credit card companies are using their monopolistic market power to force enormous new security costs on retailers. They have chosen to force these requirements upon petroleum retailers outside of the normal equipment replacement cycle. Small business retailers are the least able to survive these new costs and as you might expect, small business retailers were given no opportunity to participate in the security rules design process. The credit card companies are abusing small business with their market power and Congressional small business leaders need to investigate. Please call the House and/or Senate Small Business Committee leaders and ask that a hearing on PCI Compliance be scheduled in the very near future.

In September 2006, VISA, Mastercard, Discover, American Express, and JBC formed the Payment Card Industry Security Standards Council (PCI SSC) to protect credit card data. Retailers that accept these credit cards for payment must comply with the Payment Card Industry Data Security Standard (PCI DSS) or pay large fines. PMAA believes that the credit card companies had clear incentives to reduce their security costs by pushing those costs downstream onto retailers.

The PCI SSC is led by a policy-setting Executive Committee composed of representation from the credit card companies, which has the final decision on policy. An advisory board, to which even Wal-Mart was only recently elected, is the only opportunity for stakeholders to make policy recommendations. Because the credit card companies set policy as members of the Executive Committee, there is little opportunity for input from smaller merchants and petroleum retailers.

Approximately one-third of gasoline purchases made at the pump are with a debit card. It is estimated that over 800,000 existing gasoline and diesel dispensers will need to be retrofitted with equipment to at a cost of \$1,800 to \$2,000 per dispenser. In addition, in store equipment also needs to be replaced. PCI compliance is estimated by some to exceed \$1 billion in new costs to the convenience store and petroleum retail industry alone. The cost of meeting the PCI requirements offer no return on investment. Retail stations that cannot afford the technology will lose that business. In light of recent fee increases announced by Visa and MasterCard, which will increase their profits off of the retail petroleum retail sector alone by an estimated \$600 million per year, PCI is yet another example of abusive market power.

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