THE MELLMAN GROUP RESEARCH BASED STRATEGY

THE TARRANCE GROUP

To: Interested Parties

From: The Tarrance Group & The Mellman Group

Re: Key findings from statewide surveys in New Hampshire, New York, West Virginia, Montana, Nevada, and North Carolina

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These six bipartisan statewide surveys fielded over the past week show that there is broad and intense support for the pending rule to limit the swipe fee on debit cards to 12 cents per transaction. In all six states, majorities had unfavorable feelings about credit card companies and banks, while even larger majorities felt favorably about retail and convenience stores. More important, in all six states, over two thirds supported the new rule to limit swipe fees, with most supporting it strongly. In fact, support is highest in Montana (75% support) where there has been the most spent from both sides on advertising. Across the states, a plurality or more said they would feel less favorably about a Senator who did not support the new rule.

- The chart below illustrates the stark differences in voter attitudes regarding the major players in this debate. While retailers and convenience stores are held in high regard, large banks and credit card companies are seen unfavorably by a majority of voters.

	New Hampshire		**New York**		**West Virginia**	
Entity	**% Fav**	**% Unfav**	**% Fav**	**% Unfav**	**% Fav**	**% Unfav**
Small retailers	92%	2%	89%	3%	89%	3%
Convenience stores	79%	9%	76%	13%	82%	8%
Large retailers	66%	23%	69%	21%	67%	21%
Large banks	31%	57%	37%	52%	35%	50%
Credit card Companies	26%	65%	31%	62%	27%	63%

	Montana		**North Carolina**		**Nevada**	
Entity	**% Fav**	**% Unfav**	**% Fav**	**% Unfav**	**% Fav**	**% Unfav**
Small retailers	93%	2%	89%	4%	90%	3%
Convenience stores	82%	7%	77%	10%	77%	12%
Large retailers	68%	21%	72%	17%	72%	17%
Large banks	39%	46%	37%	47%	39%	51%
Credit card Companies	32%	54%	24%	65%	28%	64%

- After the heated debate in Washington on this issue, there is some familiarity in the states with this issue. By state, the level of voter awareness stands at:

  - 59% in New Hampshire with 13% extremely or very familiar and 46% somewhat familiar,
  - 55% in New York with 13% extremely or very familiar and 42% somewhat familiar,
  - 52% in West Virginia with 8% extremely or very familiar and 44% somewhat familiar,
  - 53% in Montana with 16%% extremely or very familiar and 37% somewhat familiar,
  - 55% in Nevada with 21% extremely or very familiar and 34% somewhat familiar, and
  - 54% in North Carolina with 19% extremely or very familiar and 35% somewhat familiar.

- These attitudes combine for voters to have strong support for the proposed Federal Reserve rule to limit debit card swipe fees. Respondents are read the following description of the current situation:

  > As you may already know, the Federal Reserve is in the process of changing the rules about the rates that banks charge merchants to process their debit cards. Right now, Visa and MasterCard, along with the banks, charge merchants a percentage of the total sale for each debit card transaction, which averages 44 cents per transaction. This rule would limit the charge for each transaction to no more than twelve cents per sale.

  Following this description, there is strong and intense support for this proposed change in every state surveyed:

  - 72% favor in New Hampshire, including 50% who "strongly" favor this change,
  - 70% favor in New York, including 50% who "strongly" favor this change,
  - 69% favor in West Virginia, including 50% who "strongly" favor this change,
  - 75% favor in Montana, including 54% who "strongly" favor this change,
  - 72% favor in Nevada, including 55% who "strongly" favor this change,
  - 74% favor in North Carolina, including 54% who "strongly" favor this change,

- This proposed change was also tested through a forced choice format where each side of this issue was presented and voters were asked to select the statement that most closely matched their own view. The two statements presented were:

    1. This change in debit card processing fees is just a way to increase the profits of large retailers by making debit cards more expensive for consumers and by forcing hundreds of community banks and credit unions to close. OR
    2. This change in debit card processing fees protects small businesses from the price fixing schemes of Wall Street banks and will lower costs for thousands of small businesses and their consumers.

Across all six states, at least a plurality of voters selects the second statement, which describes this change as protection for small businesses and for consumers. By state, the breakdown of responses is:

- 54% in New Hampshire select the 2nd statement while 18% select the 1st statement,
- 57% in New York select the 2nd statement while 23% select the 1st statement,
- 47% in West Virginia select the 2nd statement while 23% select the 1st statement,
- 49% in Montana select the 2nd statement while 21% select the 1st statement,
- 51% in Nevada select the 2nd statement while 25% select the 1st statement, and
- 43% in North Carolina select the 2nd statement while 24% select the 1st statement.

- Voters also show a willingness to think less favorably of their US Senator if they support a repeal of this rule. By state, reactions to their US Senator voting to repeal the rule is:

- 47% less favorable in New Hampshire versus just 29% more favorable,
- 49% less favorable in New York versus just 32% more favorable,
- 41% less favorable in West Virginia versus just 35% more favorable,
- 38% less favorable in Montana versus just 19% more favorable,
- 36% less favorable in Nevada versus just 21% more favorable, and
- 32% less favorable in North Carolina versus just 21% more favorable.

In sum, this proposed change in the debit card swipe fees has broad and intense support from voters in all of these states. This support is driven in part by voter antipathy towards big banks and credit card companies as well as by voter goodwill for merchants and retailers. In a simulated debate, voters are on the side of the rule change, and this this issue does have the ability to alter voter perceptions about their US Senator.

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