

February 25, 2016

To: Members of the Banking Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: H.B. No. 5296 AN ACT CONCERNING CREDIT AND DEBIT HOLDS

Position: Oppose

This bill would require disclosure and limits on credit holds for debit and credit cards when purchasing gasoline at Connecticut gas stations and convenience stores. We believe there are a number of factors which will prevent the concept from being workable.

Credit holds are the means through which a variable (unknown) amount of a charge can be approved. This process and its rules are controlled under contracts issued by the national card issuing networks such as Visa and MasterCard. This is not an issue which is controlled by local banks that issue debit and credit cards to their customers.

When associated with gasoline purchases, the hold is required because there is no way to tell how much gas is going to be purchased at the time the card is being used. The networks typically have hold amounts between \$75 and \$100 for gas purchases. After the gas has been dispensed, the settlement time frame on the account (release of the hold), depends on the sophistication level of the merchant's system. It can be as short as a few seconds or take up to a couple of days.

Additionally, placing restrictions on these hold amounts will result in forcing card users to pump gas first and pay for it later at the counter, causing major inconvenience to the customer and the merchant. Customers have come to expect that convenience of using their debit and credit cards to purchase at the pump.

We thank the Committee for the opportunity to comment on this proposal and would be happy to respond to any questions.