By Megan Woolhouse, Boston Globe

Diane Chung, co-owner of Gari Japanese Restaurant in Brookline, is staging a modest revolt against MasterCard and Visa.

Six months ago, she started "Maki Madness'' on Sundays, offering as much as 55 percent off select maki rolls for those who pay in cash. Credit and debit card users pay full price.

Chung said the promotion, which she hopes will boost business, was inspired by her frustration over the high cost of credit card transactions. Every time someone uses plastic, the credit card company collects a fee from the restaurant - typically $2 on every $100 charged.

"We're like, 'Why are we giving that money to the credit card companies? They're like loan sharks,' '' Chung said. "Give it back to the customer and everyone's happy.''

Increasingly, merchants are seeking to entice customers to use cash to avoid the "swipe'' fees they are assessed by card companies. Business owners complain that even in a down economy, card issuers are unwilling to negotiate the rates, and in some cases have raised them.

Not only that, they say, the system is so complex that fee statements are virtually indecipherable. For example, charges can vary widely depending on the card or type of purchase.

Some merchants have fought back, risking the loss of card-addicted customers by refusing to accept credit. Others are adopting Chung's tactic on a wider scale - discounting for cash purchases at the register. The charges, known as interchange fees, are not regulated, and although credit card reform rules will take effect next year, they do not address merchants' transaction costs.

Complaints about the fees have grown louder and sparked proposals before Congress that would give the Federal Trade Commission power over the way they are imposed. US Representative Peter Welch, a Vermont Democrat, said the fees drive up the cost of goods for all consumers, even those who pay in cash.

"Transaction costs [for merchants] have been creeping up steadily,'' Welch said. "This is an essential service for our businesses . . . they should be paying a fair price and not get hammered.''

The effort to regulate interchange fees is supported by business groups as diverse as the National Association of Convenience Stores and the Bowling Proprietors Association of America.

Opposition comes from banks, consumer credit unions, and credit card companies, including the two largest - MasterCard and Visa. They accuse retailers of trying to make an easy buck.

Industry advocates say credit card companies help boost revenue for retailers and other businesses, citing studies that show customers spend more when they use charge cards. They also say credit cards offer protections, like "zero liability'' for merchants saddled with a fraudulent purchase.

Ken Clayton, a senior vice president for card policy for the American Bankers Association, said he doubts merchants would lower the prices on goods if interchange fees were decreased.

"They want to have Congress come in and regulate a business-to-business contract under the guise that they're doing it for customers, when, in fact, they're trying to line their own pockets,'' he said of retailers.

No matter how troublesome for merchants, interchange fees are invisible to consumers, who expect to be able to use credit cards virtually everywhere and benefit from the perks many of

them offer. Cash-only policies, or even discounts, might not go over well with some.

"Cash? No. I want the [travel] miles,'' said Carole Brewitt of Exeter, N.H., as she walked into Nieman Marcus at Copley Place in Boston on a recent afternoon.

Visa and MasterCard dominate the US market, with a combined market share of more than 70 percent. Between them, American Express, and Discover, there were about 694 million card accounts in 2007, according to a study by the federal Government Accountability Office.

Trish Wexler, a spokeswoman for the Electronic Payments Coalition, a lobbying group sponsored by banks and credit card providers, said merchants pay an average of 1.7 percent in fees to a credit card issuer, a number she said has remained stable in the industry for about 10 years. Visa spokeswoman Denise Dunckel pegged that company's average interchange rate at 1.62 percent, and said it has "remained generally steady for a decade.''

Additional fees charged by banks to merchants usually bring the average cost per transaction to 2 percent.

But a study released last month by the Government Accountability Office contradicted credit card companies and trade groups. The report said fees have gone up as the number and variety of credit cards have expanded. For example, the federal agency found that merchant fees for certain types of MasterCard and Visa "premium'' credit cards have risen 24 percent since 2005.

"Interchange rates for credit cards have been increasing, and their structures have become more complex,'' the report said.

When asked about the discrepancy, Wexler said average fees would have been lower if the federal report had included some types of debit card usage. Merchant fees for most debit transactions are not as high as those for credit cards.

The dense fee structure infuriates merchants like Casey Sewall, owner of three Kahians ApplianceOne & HDTV stores in Massachusetts. More than two-thirds of his customers pay with a credit card, he said, costing him about $75,000 a year on $4 million in purchases made with cards. The monthly statements he receives from credit companies are mind-boggling, Sewall said.

Sewall said he has been unable to reach Visa or MasterCard to voice complaints. His bank representative sat down with him to review a bill, but the session turned into an unsatisfying lesson in the finer points of MasterCard and Visa contracts, Sewall said. To combat escalating the costs, he now offers cash discounts for major purchases.

No one has researched how many Massachusetts businesses offer cash discounts or have dumped plastic for paper, said Jon Hurst, president of the Retailers Association of Massachusetts. But the fees are "out of sight,'' Hurst said. "The banks and the credit card companies want it to be totally invisible.''

Rodolfo Gomez, a tailor at Copley Place for 16 years, stopped accepting credit cards about a month ago, after his accountant showed him the costs of last year's transaction. He declined to reveal the total, but said his frustration grew when card companies offered to negotiate his fees only after he decided to stop accepting credit purchases.

"Why were they willing to lower the fees only after I called?'' he said.

The switch to cash has not hurt business, Gomez said. Stephanie Gan, a 25-year-old Boston University student, happily paid cash at Rodolfo Tailoring last week, even though she typically uses a debit card when shopping.

"If I know I'm going to pay cash,'' she said, "it's not a problem.''