

May 3, 2022

The Honorable Richard Durbin
Chairman
Senate Judiciary Committee
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Senate Judiciary Committee
Washington, D.C. 20510

Dear Chairman Durbin and Ranking Member Grassley:

As the Senate Judiciary Committee prepares for its upcoming hearing on interchange fees, our organizations write on behalf of our thousands of members to remind you of the incredibly harmful impact that the Durbin Amendment has had on consumers, small businesses, and financial institutions. More than a decade after enactment, we know that these policies have resulted in fewer options for consumers without lowering consumer costs.

Interchange fees are charged to merchants during card transactions. These fees help to cover the cost of providing consumers and retailers with the convenience and security of paying with cards. Every time a customer pays with a credit or debit card, that transaction is routed over a card network connecting the retailer to the bank that issued the customer's card. While the merchant contributes to the system in the form of a one-time *fee*, banks are continually investing in the system by spending on data protection, customer service, operational improvements, and other obligations that support the flow of funds to the merchant. Banks also pay fees to participate in the payment networks. These electronic payments provide significant value to the merchant, such as immediate and guaranteed payment, quick checkout, ease of revenue accounting, and avoiding the cost of dealing with cash or checks. Consumers also receive benefits such as dispute resolution, fraud protection and reimbursement, and rewards points. Merchants try to discuss price in isolation from the substantial and demonstrable value that they and consumers receive. No serious policy discussion can separate the two.

The Durbin Amendment of the Dodd-Frank Act placed the federal government in the middle of a complex and dynamic commercial relationship between the retail and banking industries. The amendment capped debit card rates and imposed routing mandates under the false promise that these changes would somehow benefit consumers through lower prices at the cash register without harming community financial institutions and their customers. In reality, while consumer price savings have not materialized, the amendment has primarily rewarded big box stores with higher profits, while resulting in fewer resources available for banks and credit unions to serve their communities, and a reduction in low-cost banking services for those most in need. In fact, a recent GAO [report](#) found that the Durbin amendment was “among the top five laws and regulations most cited...as having significantly affected the cost and availability of basic banking services.”

While community banks and credit unions are supposedly exempt from the Durbin Amendments cap on interchange fees, their interchange revenue has decreased significantly since enactment.

More than a decade later, it is clear that the Durbin Amendment has hurt consumers, small businesses, and financial institutions by reducing choice, increasing costs, and reducing access to credit. Congress should not expand its scope.

Sincerely,

American Bankers Association
Independent Community Bankers of America
Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
Arkansas Community Bankers
Bluegrass Community Bankers Association
California Bankers Association
California Community Banking Network
Colorado Bankers Association
Community Bankers Association of Georgia
Community Bankers Association of Kansas
Community Bankers Association of Ohio
Community Bankers Association of Oklahoma
Community Bankers of Washington
Community Bankers of West Virginia
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Independent Bankers Association of New York State
Independent Bankers Association of Texas
Independent Bankers of Colorado
Independent Banks of South Carolina
Independent Community Bankers Association of New Mexico
Independent Community Bankers of South Dakota
Independent Community Banks of North Dakota
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association

Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Missouri Independent Bankers Association
Montana Bankers Association
Montana Independent Bankers
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Association of Community Banks
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: Members of the Senate Judiciary Committee