



January 22, 2026

Dear Members of Congress:

The American Bankers Association, America's Credit Unions, Association of Military Banks of America, Bank Policy Institute, Consumer Bankers Association, Defense Credit Union Council, Independent Community Bankers of America, Electronic Payments Coalition, Electronic Transactions Association, Mid-Size Bank Coalition of America, and National Bankers Association are writing to reiterate our strong opposition to the so-called *Credit Card Competition Act* (Durbin-Marshall bill)¹ or any other expansion of the Durbin amendment.² Any legislative initiatives to expand the power of the federal government to intervene in the U.S. credit card market would harm consumers, small businesses and financial institutions alike by reducing choice, increasing costs and fraud risks, and creating economic challenges for smaller financial institutions.

Small Businesses Benefit Both from Card Acceptance and as Card Users

Government intervention in the credit card market would disadvantage small businesses. A recent paper by a University of Miami finance professor found that small businesses would be put "at a further competitive disadvantage" to large corporate megastores if the Durbin-Marshall bill were to become law, estimating that almost all of those savings will accrue to retailers with \$500 million or more in annual sales, with little going to small businesses.³ Additionally,

¹ The Credit Card Competition Act was introduced in the Senate as S. 3623 and the House of Representatives as H.R. 7035.

² The Durbin amendment was enacted as part of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (P.L. 111-203).

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4714752.

according to the paper, if the Durbin-Marshall bill were to be enacted it could cost small businesses up to \$1 billion in rewards since small businesses are large users of payment cards to make purchases and lead to reduced access to \$700 billion in revolving lines of credit.⁴ Congress should not mandate the reengineering of the entire credit card payments system just to benefit a small group of the largest merchants while causing small businesses to suffer.

Small Community Based Financial Institutions Would Be Harmed

Small community banks and credit unions themselves are small businesses. But they also play a vital role in our communities. These community-based financial institutions understand the needs of their communities and directly support small businesses and consumers, providing billions of dollars of loans and assistance to consumers, driving local communities forward across the country.

Enacting the Durbin-Marshall bill would set backdoor price controls on credit routing, which would ultimately harm small financial institutions' ability to continue to offer affordable financing to American families and small businesses. As we saw with the Durbin Amendment, interchange price controls increase profits of corporate megastores while impairing small financial institutions' ability to provide competitive products and services to consumers and small businesses by decreasing revenue used for lending and data security while increasing operational costs. Federal Reserve data shows that the Durbin Amendment harmed "exempted" community-based institutions.⁵ In short, small community banks and credit unions' work is far too essential in supporting small businesses to jeopardize by substituting government price-setting in place of dynamic market competition.

Consumers Would Lose Choice, Security, and Rewards

Interchange fees help make affordable, unsecured short-term credit available to more consumers, improving financial security and helping working Americans avoid much higher-cost, predatory lenders. Recent studies by the Federal Reserve show that short-term, unsecured loans can play a significant role in enhancing financial security for those that need access to credit.⁶ However, reducing interchange fees through government-mandated routing would diminish or eliminate access to credit cards for low-income consumers or those with damaged credit, putting more Americans at financial risk. In fact, research conducted by the Federal Reserve in 2017 examining the effects of the original Durbin amendment found "...covered banks were 35.2 percent less likely after the regulation to offer noninterest checking accounts that did not involve a monthly fee (that is, "free accounts")."⁷

To say that consumers will benefit from the Durbin-Marshall bill is inaccurate. A reduction in rewards and cash back opportunities would significantly harm minority and lower-income

⁴ *Id.*

⁵ <https://electronicpaymentscoalition.org/resources/what-exemption-community-banks-credit-unions-lose-under-the-durbin-amendment/>.

⁶ <https://www.federalreserve.gov/econres/notes/feds-notes/small-dollar-loans-in-the-us-evidence-from-credit-bureau-data-20240719.html>.

⁷ <https://www.federalreserve.gov/econres/feds/the-impact-of-price-controls-in-two-sided-markets-evidence-from-us-debit-card-interchange-fee-regulation.htm>.

consumers.⁸ The International Center for Law and Economics found that “77% of cardholders with a household income of less than \$50,000” have an active rewards card.⁹ The Durbin-Marshall bill would take away rewards options from lower-income Americans who value those rewards benefits, not just wealthy individuals.

Additionally, there has been no evidence that merchants have passed on *any* savings to consumers, even after promising to do so, when debit interchange was enacted. In fact, the Federal Reserve Bank of Richmond has already observed that 98% of merchants *raised* prices or kept them the same post-implementation of the original Durbin Amendment.¹⁰ Further, recent research released by the Progressive Policy Institute found “little” or “negligible” evidence of any consumer benefits from any net cost savings and that 99% of retailers did not pass along any savings.¹¹ When it comes to the Durbin-Marshall proposal, the Congressional Research Service released a report stating, “it is not clear whether retailers would pass interchange savings on to consumers” and “they might face higher incidences of fraud.”¹² Under this bill, megastores profit while consumers lose.

Merchants and Consumers Alike Choose Cards Based on the Value Proposition

The U.S. payments ecosystem is rife with competition.¹³ Credit cards, debit cards, buy-now-pay-later, checks, cash, ACH transactions, wire transfers, and real time payment rails provide businesses and individuals with a multitude of payment options. There is also no evidence of significant concentration in the credit card market.¹⁴ In fact, there are more than 4,000 issuers, and even among the biggest players, the market for consumer cards concentration is far below the DOJ threshold--far less concentrated than other industries.¹⁵

In a separate research paper by the finance professor at the University of Miami, the credit card market is shown to be so competitive that profit margins on transactions have been negative for years.¹⁶ The paper finds that in recent years, the net profit per dollar for credit cards is “-0.5 cents per dollar.”¹⁷ Rewards programs, which are an expense for banks and credit unions, have been larger than the “profitability of processing transactions since 2016.”¹⁸ The differential shows that the credit card market is “extremely competitive and provides consumers with the convenience

⁸ <https://mshale.com/2023/04/19/interchange-fee-regulation-step-financial-inclusion-black-community/>.

⁹ <https://laweconcenter.org/wp-content/uploads/2021/11/Reverse-Robin-Hood-1.pdf>.

¹⁰ https://www.richmondfed.org/-/media/richmondfedorg/publications/research/economic_quarterly/2014/q3/pdf/wang.pdf.

¹¹ <https://www.progressivepolicy.org/the-unanticipated-costs-and-consequences-of-federal-reserve-regulation-of-debit-card-interchange-fees/>.

¹² <https://crsreports.congress.gov/product/pdf/IF/IF12548>.

¹³ The list of market participants is extensive: Visa, MasterCard, American Express, Discover, PayPal, Venmo, Zelle, Square, Apple Pay, Amazon Pay, Samsung Pay, Kroger Pay, Walmart Pay, Target RedCard, Affirm, Klarna, AfterPay, Google Pay as well as bank and credit union led person-to-person payment capabilities; additionally, European account to account (a2A) payments firms are in the process of entering the U.S. market.

¹⁴ <https://bpi.com/the-credit-card-market-is-not-even-close-to-being-overly-concentrated/>.

¹⁵ *Id.*

¹⁶ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4912154.

¹⁷ *Id.*

¹⁸ *Id.*

of conducting transactions at millions of stores.”¹⁹ In the last two years, “profitability net of rewards has been between -0.2% and -0.3%.”²⁰ The fact that financial institutions are losing money on transactions is evidence that competition already exists in the payment market.²¹

Conclusion

The payment card system is convenient, secure, and hassle-free. It protects consumers against fraud, guarantees businesses receive timely payments, funds reward programs like cash back, and powers the American economy, from brick-and-mortar establishments to innovative e-commerce platforms 24 hours a day, seven days a week, 365 days a year. The Durbin-Marshall bill, and any other legislation that intervenes in the credit card market, puts all that in jeopardy.

Sincerely,

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¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*