



May 21, 2025

The Honorable John Thune
Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Majority Leader Thune and Minority Leader Schumer:

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, Mid-Size Bank Coalition of America, and National Bankers Association are writing to express our strong opposition to the *Credit Card Competition Act* (the Durbin Marshall Credit Card Mandate) being attached as an amendment to the GENIUS Act or any other legislative vehicle. The Durbin Marshall Credit Card Mandate, a poison pill amendment that has not been properly considered through the regular legislative process, would harm consumers, small businesses, and financial institutions alike by reducing choice, increasing costs and fraud risks, and creating economic challenges for small 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 Credit Card Mandate 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.¹

The Durbin Marshall Credit Card Mandate is a solution in search of a problem. According to the National Federation of Independent Business's own "small business problems and priorities" survey, credit card processing costs failed to rank among their top 20 list of concerns.² The

¹ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4714752.

² [2024 Small Business Problems & Priorities](#).

legislation will do nothing to help small businesses – it will only entrench corporate megastores that already have a stranglehold on the retail market.³ 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 Suffer

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 those that need it most.

As we saw with the Durbin Amendment, interchange price controls would 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.⁴ In short, their 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 Security and Rewards

Interchange fees help to fund various cardholder benefits, including rewards programs, and investments in critical security tools. Reducing these fees through mandated routing would diminish or eliminate such programs, which American consumers value and similarly oppose the federal government reaching into their wallets.⁵

To say that consumers will benefit from the Durbin Marshall Credit Card Mandate is inaccurate. A reduction in rewards and cash back opportunities would significantly harm minority and lower-income consumers.⁶ 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.⁷ Despite false claims to the contrary, the bill would take away rewards options from lower-income Americans who value those rewards benefits, not just wealthy individuals.

The Durbin Marshall Credit Card Mandate will also lead to an increase in fraudulent card activity. According to a study from Texas A&M University, enactment of the bill could—based on 2021 card activity—double the amount of fraud to \$20 billion over the next decade.⁸ This would be particularly detrimental to consumers and small businesses. Some small business owners have highlighted the fact that security breaches would "make credit cards less secure to

³ <https://smallbusinesspaymentsalliance.com/national-small-business-week-2024-electronic-payments-survey/>.

⁴ <https://electronicpaymentscoalition.org/resources/what-exemption-community-banks-credit-unions-lose-under-the-durbin-amendment/>.

⁵ <https://www.aba.com/about-us/press-room/press-releases/national-survey-on-major-bank-policy-issues>.

⁶ <https://mshale.com/2023/04/19/interchange-fee-regulation-step-financial-inclusion-black-community/>.

⁷ <https://laweconcenter.org/wp-content/uploads/2021/11/Reverse-Robin-Hood-1.pdf>.

⁸ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5004917.

process,” exposing consumers to more instances of fraud and data breaches.⁹ The Durbin Marshall Credit Card Mandate would also reduce the amount of revenue that banks use to “invest in fraud prevention and other credit card security features” to protect small businesses and consumers across the country.¹⁰ Without investment in the sophisticated tools used to combat credit card fraud, payments become less secure for both consumers and small businesses.

Merchants and Consumers Alike Choose Cards Based on the Value Proposition

The U.S. payments ecosystem is highly competitive.¹¹ 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.¹² In fact, the market for consumer cards concentration is far below the DOJ threshold and is far less concentrated than other industries.¹³

Another paper from the same finance professor at the University of Miami shows that the credit card market is so competitive that profit margins on transactions have been negative for years.¹⁴ The paper finds that in recent years, the net profit per dollar for credit cards is “-0.5 cents per dollar.”¹⁵ Rewards programs, which are an expense for banks and credit unions, have been larger than the “profitability of processing transactions since 2016.”¹⁶ The differential shows that the credit card market is “extremely competitive and provides consumers with the convenience of conducting transactions at millions of stores.”¹⁷ In the last two years, “profitability net of rewards has been between -0.2% and -0.3%.”¹⁸ The fact that financial institutions are losing money on transactions is evidence that competition already exists in the payment market.¹⁹

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 Credit Card Mandate, and any other legislation that intervenes in the credit card market, puts the seamlessness, security and value of consumer electronic payments in jeopardy.

⁹ <https://missouriindependent.com/2024/04/23/the-credit-card-competition-act-would-harm-missouris-small-businesses/>.

¹⁰ *Id.*

¹¹ 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.

¹² <https://bpi.com/the-credit-card-market-is-not-even-close-to-being-overly-concentrated/>.

¹³ *Id.*

¹⁴ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4912154.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

Sincerely,

American Bankers Association
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