

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