



September 21, 2012

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221 The Capitol  
Washington, D.C. 20510

The Honorable John Boehner  
Speaker of the House  
U.S. House of Representatives  
H-232 The Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Republican Leader  
United States Senate  
S-230 The Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
H-204 The Capitol  
Washington, D.C. 20515

Dear Majority Leader Reid, Speaker Boehner, Republican Leader McConnell, and Democratic Leader Pelosi:

As the one-year anniversary of the implementation of the Durbin amendment approaches, our respective organizations have come together to write to you about the interchange issue – a subject that we believe requires no more debate.

On October 1, 2011, the Durbin amendment was implemented as part of the Dodd-Frank legislation, shifting \$8 billion from banks to the retailers. So far there is no evidence that consumers are seeing lower prices as a result; a direct contrast from what they were promised. A new GAO study titled, "[Community Banks and Credit Unions: Impact of the Dodd-Frank Act Depends Largely on Future Rulemakings](#)," addresses these debit card interchange reforms. The study cites several findings specific to the many hardships that the community banks and credit unions, in particular, have endured since the Durbin amendment was implemented almost exactly one-year ago.

The study shows that for smaller community banks and credit unions, which were supposed to be "exempted" from the fallout of this legislation, **interchange revenue dropped by five percent in just the first three months of implementation**, and that was before the network exclusivity and routing provisions took effect in April 2012. These provisions require financial institutions to enable their debit cards with two unaffiliated payment card networks which will likely cause even more substantial reductions in interchange fees to exempt issuers. The study goes on to note that community banks and credit unions are struggling to maintain viable debit programs and that some have had to raise fees. **The GAO further concludes that even more harm to community banks and credit unions is likely as the marketplace evolves.**

Similarly, the National Association of Federal Credit Union's monthly Economic & CU Monitor survey reports that credit unions are feeling the pinch of the Durbin amendment's rate cap. Despite the fact that each survey participant was under the \$10 billion threshold, **three times as many respondents**

**have noticed a drop in per-transaction interchange fees this year (20.7 percent) as those who reported an increase in their interchange rate (6.9 percent).**

But the most glaring example is the utter lack of benefit to consumers. Despite promises by retailers, and despite a realized \$8 billion windfall by these retailers over this past year, consumers have yet to see discounts for using their debit cards at the register.

Any further regulation in this regard is not only unnecessary, but an insult to consumers throughout the country. The same tired arguments from these retailer lobby groups have long since been resolved, not only by Congress but also in the courts through a comprehensive settlement in the dispute. It's clear that some retail groups will never be satisfied with any amount of windfall they receive. It's time to put this epic battle to a close before even more damage is done.

Sincerely,

American Bankers Association

Credit Union National Association

Independent Community Bankers of America

National Association of Federal Credit Unions