



Credit Union National Association

cuna.org

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April 21, 2008

The Honorable John Conyers, Jr.
Chairman
House Judiciary Committee
2138 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the Credit Union National Association (CUNA), I am writing to oppose H.R. 5546, the "Credit Card Fair Fee Act." CUNA is the nation's largest credit union advocacy organization, representing 90% of our nation's approximately 8,800 state and federal credit unions, their state credit union leagues, and their 88 million members.

Credit unions strive to meet their members' financial needs, and credit and debit cards obtained through credit unions have competitive rates and consumer-friendly terms, offering members important financial options to manage their finances more efficiently.

Our greatest concern about the legislation is the considerable uncertainty that the bill would have on the card payments process because of the intricacies of the process. Government interference in a working market stands to harm all participants in the market, including financial institutions, retailers and consumers.

H.R. 5546 would impose unnecessary government regulation over the card transaction interchange fee process by establishing a costly governmental tribunal that would be authorized to impose its decisions on a system that should be governed by the marketplace. While we do not believe it is the intent, H.R. 5546 could result in price controls as the tribunal would have the authority to impose binding rates and terms for three years, should a merchant and payment network not be able to reach an agreement on interchange fees.

Also, there is no clear indication that a prime objective of the legislation – that consumers would benefit from such interference – will be met. Instead, they could be subjected to an increase in other costs associated with their debit or credit cards if interchange rates are arbitrarily determined.



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While we oppose this legislation and believe that the interchange rate setting process is a part of a competitive, working market, we recognize that aspects of the process could be improved. For instance, there could be greater transparency in the process and the interests of merchants, as well as smaller financial institutions, could be better represented. Rather than overturning the marketplace with an elaborate new governmental rate setting system, the impact of which is uncertain, Congress should encourage card companies to take steps to enhance the current system by improving transparency in the process and ensuring the interests of all affected parties -- consumers, merchants, and participating institutions of all sizes -- are considered as interchange rates are determined.

Thank you for considering our concerns, and we would welcome an opportunity to discuss these issues with you in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan". The signature is stylized with a large, bold initial "D" and a cursive "an" following it.

Daniel A. Mica
President & CEO