



September 27, 2023

Congressman Bob Good  
461 Cannon HOB  
Washington, DC 20515

Re: The Credit Card Competition Act of 2023 (HR 3881)

Dear Congressman Good:

The Virginia Association of Community Banks (VACB), Virginia Bankers Association (VBA), and Virginia Credit Union League (VACUL) are standing together to oppose the so-called Credit Card Competition Act of 2023 (HR 3881). This legislation would force card issuers to use only certain networks chosen by the federal government for card transactions, rather than allowing financial institutions to choose networks based on security, reliability and other factors that benefit Virginia consumers. The credit card payments industry is a healthy and competitive space, and further legislation in this area is both unnecessary and harmful to innovation and security. This bill came directly from the world's largest big box and online retailers and will accelerate their increasing dominance over Virginia's Main Streets. We are disappointed to see your name recently added as a co-sponsor to this cause and strongly urge you to reconsider lending your support for this misguided legislation.

It is surprising that you would join in support for a bill championed by Sen. Dick Durbin (D-Ill.) and Rep. Zoe Lofgren (D-Calif.) which clearly pushes governmental economic favoritism, harms your constituents through less choice and access to popular consumer benefits, threatens tourism and airline service to Virginia and undermines critical payment fraud protections while increasing national security risks. Bolstering the profits of big-box retailers and big-tech backed payment processors at the expense of small businesses and community-based financial institutions is a clear exercise in backdoor governmental price control and a blatant example of heavy-handed government intervention. Instead of encouraging competition, the effects of the legislation would install the government and Federal Reserve as arbiters of how consumers can pay and where their data is routed. This has played out before when similar government interference in the debit card networks led to increased costs for many small businesses while big retailers pocketed the savings they claimed would be passed on to consumers. ***Despite an "exemption," community financial institutions have seen their interchange revenue fall 30% due to the first Durbin Amendment.*** Congress was fooled last time and should not fall for the same empty rhetoric and false promises again.

In addition to the negative impact of governmental intervention in the free market, the legislation would effectively require issuers to work with new, less secure networks that currently lack nationwide, let alone global scale. In the end, consumers would be left more vulnerable to fraud and identity theft. The bill does nothing to protect Virginians' financial transactions from networks that pose national security risks. Instead, it opens the door for foreign state-sponsored networks operating in countries like China and Russia to process credit card transactions. Shifting transactions to less secure, less innovative and potentially risky providers places consumers and their financial data in a more vulnerable position.

While there are many other aspects of the bill that should disqualify it from consideration, including the myth that community financial institutions are protected, the concerns on injecting governmental controls into the payments space, increasing consumer and national security risks and removing greater consumer choice and benefit are overwhelming on their own. That is why it is disappointing and disconcerting that it would receive your support.

On behalf of all of Virginia's financial institutions and their employees, we respectfully ask that you reconsider your position on this legislation. We welcome the opportunity to further discuss this and any other issue.

Sincerely,

Steven C. Yeakel  
President/CEO  
Virginia Association of Community Banks

Bruce T. Whitehurst  
President/CEO  
Virginia Bankers Association

Carrie R. Hunt  
President/CEO  
Virginia Credit Union League