



June 7, 2023

The Honorable Kevin McCarthy  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

**Re: Concerns with the Credit Card Competition Act**

Dear Speaker McCarthy and Leader Jeffries:

On behalf of our nation's 135 million credit union members, we are writing to express our concerns regarding the expected re-introduction of the "Credit Card Competition Act," by Representatives Zoe Lofgren and Lance Gooden. Far from increasing competition in the credit card marketplace, the proposed legislation does nothing to reduce additional costs for consumers and harms working-class Americans. This bill is nothing more than a windfall for big box retailers and e-commerce giants.

While merchants and retail groups maintain this legislation will lower prices for consumers, the reality, as demonstrated by the results of the passage of the Durbin Amendment in 2010, is that this is simply not true. The Federal Reserve Bank of Richmond found that after the Durbin Amendment regulations were implemented, 98.8% of merchants failed to pass-through savings realized from debit regulation to consumers, and over 20% actually increased their prices. Big-box retailers support this bill because it requires banks and credit unions to route credit card transactions to the cheapest network without regard for consumer choice or the security and privacy of consumers' data.

At a time of rising inflation, this is not the time to raise the cost of financial services for our hard-working members. Not only are savings kept by the merchant, this legislation also increases the cost of basic banking services for consumers – hitting lower-income families the hardest along with restricting access for military service members and their families.

While the bill contains a cynical carve-out for smaller institutions, we all know that regulating the largest institutions and payment networks forces changes to the whole credit card payments ecosystem. As a result, finding the resources to pay for technology updates and reissuance of cards becomes much more difficult for smaller institutions while driving fee increases everywhere else.

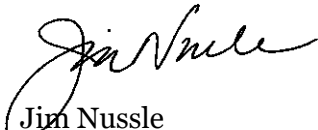
Similarly, removing choice of payment network from consumers and placing it in the hands of big-box retailers also affects consumer loyalty. Today, consumers have a wide variety of cards, processors, and issuing institutions to choose from when selecting a card. Consumers pick their credit card based on the trust, security, benefits, and protections that a credit card offers. In going with the lowest cost provider, many of these features are sacrificed with no cost savings for the consumer. This is exactly what happened with debit cards in 2010. The consumer expects that their choice will be honored, not that the government will override their decision and place it in the hands of the merchant who bears no risk.

Additionally, if consumers cannot select their trusted networks, credit card transactions will likely go over less secure, less reliable networks. Again, merchants and retailers will route transactions over the cheapest networks – many of which do not re-invest in their platforms or upgrade security requirements. Ultimately, it is the consumer who loses again.

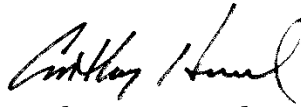
Finally, allowing merchants and retailers to select payment networks eliminates another stream of non-interest income used to keep basic financial services affordable for credit union members. Thus, free checking accounts, low fees and interest rates, and financial wellness programs become less sustainable.

In fact, now more than ever we need to put consumers first, let them decide how to pay for products and services, and keep their member benefits intact. We urge you to reject this cynical manipulation of our nation's payments system for narrow financial gain for the nation's largest retailers.

Sincerely,



Jim Nussle  
President and CEO  
CUNA



Anthony Hernandez  
President and CEO  
DCUC



Dan Berger  
President and CEO  
NAFCU