



July 29, 2022

The Honorable Tim Kaine
231 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Kaine,

On behalf of Virginia's 109 credit unions their 15 million members, we are writing to express our strong opposition to any legislation that would place additional restrictions or mandates on credit card interchange or network routing requirements. The credit card payments industry is a thriving and competitive space, and further legislation in this area is both unnecessary and harmful to innovation and security. We urge you to oppose any expansion of legislation in this area.

During a Senate Judiciary Committee Hearing on credit card interchange fees earlier this year, Senator Durbin suggested actions that could be taken to regulate the credit card payments industry. The Credit Card Competition Act of 2022, which has been introduced, would mandate a minimum number of networks to be available for routing credit card transactions.

Support for any further legislation on this topic would undermine the overall health and security of the U.S. payments ecosystem and have significant negative implications for consumers and small businesses. This effort by merchant groups to shift billions of dollars of consumer credit card spending to less secure, less innovative, and higher-risk transactions would make America's payment system worse and put consumers in a vulnerable position. At a time when fraud prevention, cybersecurity, and digital innovation are more critical than ever, merchant groups are seeking to undermine the significant protections and security that exist today to protect credit card payments. Merchant groups want the ability to route credit transactions to the cheapest networks— many of whom have underinvested in their platforms with little concern for security innovations-- leaving the burden on consumers, small businesses, and financial institutions to clean up when things go wrong. Credit card fraud is already a significant issue, with over \$149 million in credit card fraud losses in 2020, according to the Federal Trade Commission.

Similar regulation on debit card networks has inflicted harm on consumers and small businesses over the last ten years. Extending highly unsuccessful regulation to a completely different form of payment serves no public policy goal and will irreparably harm consumers, small businesses, and small financial institutions, and create new and unpredictable risks to the safety and soundness of the U.S. payments ecosystem. We ask that you oppose legislation creating any additional credit card routing mandates.

Sincerely,

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