December 18, 2024

The Honorable Richard Durbin
Chairman
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Lindsey Graham
Ranking Member
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Re: U.S. Senate Judiciary Committee Hearing on November 19, 2024

Dear Chairman Durbin and Ranking Member Graham:

On behalf of the thousands of financial institutions of varying sizes that serve merchants and consumers across the country, we are writing to express our disappointment that the Senate Committee on the Judiciary (the Committee) neglected to include a credit card issuer or banking trade association at the hearing on November 19, 2024.[1] As a result, the Committee and the public failed to receive testimony from a major group of U.S. market participants that is core to facilitating one of the most vibrant credit card markets in the world.

The hearing was framed as a discussion on antitrust, yet it failed to include several parties as witnesses. There are six parties in an electronic payment transaction—the cardholder, merchant, network, processor, and financial institutions for both the cardholder (i.e., the issuing bank) and merchant (i.e., the acquiring bank).

Importantly, thousands of U.S. banks and credit unions issue credit cards. Using this incredible system, a customer of the smallest bank or credit union in the U.S. can, using their credit card, buy a good or service with a short-term revolving line of credit virtually anywhere in the world at any time. There are six global payment networks and four of them are U.S. entities—a tremendous advantage for the United States and a major contributor to the projection of U.S. economic power. These networks were built and are maintained and upgraded by the ongoing investments by banks and networks. Community banks also rely on interchange fees to pay for rewards programs and fraud protection, and to underwrite affordable lines of credit.[2] The payments system is critical infrastructure that fuels our economy—without it, commerce grinds to a halt. **We hope lawmakers recognize the enormous resources, investment, and innovation it takes to make this system secure, ubiquitous, and seamless for the parties involved in the transaction—consumers, merchants and banks**.

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[1] https://www.judiciary.senate.gov/committee-activity/hearings/breaking-the-visa-mastercard-duopoly-bringing-competition-and-lower-fees-to-the-credit-card-system.
[2] https://dailyinterlake.com/news/2024/jul/11/credit-card-act-a-threat-to-community-banks/.

The hearing did not include any cardholders, processors, or financial institutions as witnesses, and as such the Committee and public heard a one-sided story dominated by the merchant perspective. The exclusion of these important voices perpetuated the myth that the marketplace is unfair and that so-called solutions are simple and costless to consumers. A witness from a card issuer would have set the record straight about how costly the deceptively named Credit Card Competition Act (CCCA) really is.[3] **Below are some of the points we would have shared during the hearing had the Committee included a full range of market participants in the hearing.**

I. The Credit Card Market is Competitive—Not Concentrated

The hearing ignored the two-sided nature of the credit card market in which networks set interchange prices to balance the interests of cardholders and merchants to maximize card use and card acceptance. As Justice Clarence Thomas stated in *Ohio v. American Express Co,* a credit card "is more valuable to cardholders when more merchants accept it and is more valuable to merchants when more cardholders use it."[4] Instead, the hearing erroneously labeled networks as a pejorative "duopoly." This is good political marketing but incorrect as a matter of law and economics. The Herfindahl–Hirschman Index (HHI), a common, generally-accepted metric used by the Department of Justice to analyze market concentration indicates there are no "high levels of concentration or market failure" in the credit card market.[5] Indeed, several other industries that rely heavily on credit cards (e.g., department stores, bookstores, hobby stores, wireless carriers, and passenger car rental) are significantly more concentrated than the credit card market according to the HHI.[6]

II. Merchants Pocketed the Savings from Debit Regulation

The aftermath of the Durbin Amendment demonstrates how disrupting a well-functioning two-sided market ultimately harms consumers. In spite of the witnesses' testimony, restrictions on interchange are not beneficial to consumers. An avalanche of research shows that merchants have not passed along savings:

- The Federal Reserve Bank of Richmond found most merchants (77%) did not adjust prices at all and 22% actually raised them.[7]

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[3] https://www.congress.gov/bill/118th-congress/senate-bill/1838/text.

[4] Ohio v. American Express Co., 585 U.S. ___ (2018).

[5] https://truthonthemarket.com/2024/03/05/the-cfpbs-misleading-slant-on-competition-in-credit-card-markets/.

[6] https://bankingjournal.aba.com/2022/03/how-competitive-is-the-credit-card-market/.

[7] Wang, Z., Schwartz, S., and Mitchell, N. (2014). The Impact of the Durbin Amendment on Merchants: A Survey Study. Federal Reserve Bank of Richmond and Javelin Strategy & Research, 194. https://www.richmondfed.org/-/media/richmondfedorg/publications/research/economic_quarterly/2014/q3/pdf/wang.pdf.

- Researchers at the University of Chicago concluded that merchants did not fully pass through their savings to consumers, and that consumers would lose $22–25 billion more from higher bank fees and reduced banking services than they were expected to gain from theoretical price reductions and improvements in merchant services.[8]
- A 2013 Mastercard survey found that only 3% of merchants intended to pass on savings.[9]
- Researchers at the University of Pennsylvania found little evidence of across-the-board consumer savings and concluded that consumers were not helped by the Durbin Amendment.[10]

In a 2010 Q4 Home Depot Inc. Earnings Conference, Home Depot's then-CFO Carol Tomé stated that, "[o]n the Durbin side . . . [b]ased on the Fed's draft regulations, we think the benefit to The Home Depot could be $35 million a year.[11] Large merchants are more concerned about padding their pockets than passing savings down to consumers.

III. The Failures of Interchange Regulation in Foreign Countries

During the hearing, the international experience with interchange regulation was held out as an example to be followed, but a closer examination of the international experience demonstrates that cardholders in those markets faced higher fees, higher interest rates, and reduced rewards, and merchants failed to pass along the promised savings—precisely the negative impacts U.S. card issuers of all sizes have observed about the Durbin Amendment and have warned about with CCCA. For example, the 0.3% rate cap imposed by European regulators on credit cards has transformed the product into something unrecognizable to an American consumer.[12] While U.S. rewards cards return 1.0% to 1.5% back to the consumers in the form of rewards, European credit cards offer less generous rewards than comparable programs in the U.S."[13]

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[8] David S. Evans, Howard H. Chang & Steven Joyce, The Impact of the U.S. Debit Card Interchange Fee Regulation on Consumer Welfare: An Event Study Analysis (Univ. of Chi. Law Sch. Coase-Sandor Inst. for Law & Econ., Working Paper No. 658, 2013) at 6, 48, available at https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=1651&context=law_and_economics

[9] MasterCard Worldwide, "Interchange and Durbin Amendment," 2. Cited in Hubbard, B. (2013). The Durbin Amendment, Two-Sided Markets, and Wealth Transfers: An Examination of Unintended Consequences Three Years Later. University of Chicago Law School, 37. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2285105

[10] Mukharlyamov, Vladimir and Sarin, Natasha, "The Impact of the Durbin Amendment on Banks, Merchants, and Consumers," Faculty Scholarship at Penn Carey Law, 2046 (2019), at 30, available at https://scholarship.law.upenn.edu/faculty_scholarship/2046.

[11] Carol Tomé, Exec. Vice President of Corp. Servs. & Chief Fin. Officer, The Home Depot, Inc., Remarks at the Q4 2010 The Home Depot, Inc. Earnings Conference Call (Feb. 22, 2011), http://phx.corporateir.net/External.File?item=UGFyZW50SUQ9ODMwMTB8Q2hpbGRJRD0tMXxUeXBlPTM=&t=1

[12] https://eur-lex.europa.eu/EN/legal-content/summary/fees-for-card-based-payments.html#:~:text=Specifically%2C%20the%20regulation%3A,caps%20lower%20than%200.3%25%3B

[13] https://www.forbes.com/advisor/credit-cards/us-vs-uk-credit-cards/.

In the U.S., revolving credit from month to month is a commonly used tool to smooth spending patterns and pay for larger expenses that may otherwise necessitate another type of financing (e.g., personal loans or payday lending). In Europe, “credit cards” are more accurately described as “deferred debit” cards, with the balance paid in full at the end of every month. Credit cards in the EU have lower market penetration,[14] lower credit limits,[15] and fewer features than U.S. cards. In the U.S., by contrast, market prices and lower regulation have led to a dynamic two-sided credit card market with immense value for consumers.

Credit card interchange rates may be lower in Europe than the United States. However, this comes at a cost of reduced innovation, security, and rewards—in other words, the very qualities that make credit cards so popular among U.S. consumers and so vital to merchant sales.

And other studies have validated the U.S. experience with regulated interchange savings being absorbed by the retailers rather than passed through to retail customers. In Spain and Australia, less than 5% of merchants reduced their prices, and in 2016 the Reserve Bank of Australia acted to limit merchant surcharging for credit card use because they had begun charging consumers in excess of the cost of accepting cards[16]—hardly the outcome one would expect if merchants were truly passing along interchange savings to their customers.

The Durbin Amendment in the U.S., like international regulations abroad, resulted in consumers losing access to rewards, banking services, and incurring higher fees.[17] Enacting the CCCA will create more of the same disastrous results for market participants.

IV. Small Businesses Benefit from Payment Cards

Small businesses use credit cards themselves. They benefit from billions of dollars in rewards programs and revolving lines of credit—giving them credit access when the unexpected happens. As evidenced from a recent paper from the University of Miami, small businesses generate about $12 billion in rewards they routinely use to support and reinvest in their business.[18] These businesses also rely on $700 billion in revolving lines of

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[14] Nearly 84% of American adults use a credit card, compared to just 49% in France and 39% in Germany
[15] Based on data from the Federal Reserve Bank of St. Louis and the European Central Bank, the average American has access to more than $3,000 in revolving credit. By contrast, the figure in Europe is only $464—a nearly seven-fold difference.
[16] Chung, F. (2016). “ACCC Urges Shoppers to Dob in Retailers for Surcharges.” https://www.news.com.au/finance/money/costs/accc-urges-shoppers-to-dob-in-retailers-for-excessive-surcharges/news-story/c5a2ad66b722bde3a9c0e7a33b277afb.
[17] https://www.gao.gov/assets/gao-22-104468.pdf.
[18] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4714752.

credit, which could be reduced or eliminated if the federal government interferes in the credit card market.[19]

Small businesses take no credit risk with electronic payments. Sen. Marsha Blackburn (R-Tenn.) rightly noted that when merchants run their own credit programs, costs often approach 10%—compared to roughly 2.2% when financial institutions run credit programs. As many of our small financial institutions lose (or charge-off) roughly 10% of their revolving lines of credit, these nevertheless result in sales to merchants subsidized by the extension of credit from financial institutions.[20] This year, our members will charge-off approximately $50 billion in credit losses, but merchants will receive virtually every penny.[21] Simply put, the merchant is getting paid even when the bank is not.

The cost of accepting cash is much higher than the cost of accepting credit cards. Merchants often complain about card processing fees and argue that they drive up the price of goods. Implicit in their argument is that there is a lower-cost alternative, such as cash. In reality, handling cash is cumbersome, labor-intensive, raises safety issues, and is more subject to fraud. Investing in security measures to ensure cash is kept and deposited safely is costly. Indeed, the National Association of Convenience Stores (NACS) recently estimated that convenience store staff spend as many as 20 paid labor hours a week just counting money.[22] Unlike card processing fees, these activities typically do not show up as line items on a business's financial statement, masking their significant costs. In fact, according to research conducted on behalf of the retail industry, the cost of cash ranges from 4.7% to 15.3%.[23] The average "cost of cash" is 4.7% for grocery stores, 5.5% for warehouse club stores like Target and Costco, and a staggering 9.1% overall—more than four times higher than the cost of accepting credit or debit card payments.[24]

The CCCA will benefit large merchants significantly more than small businesses. The University of Miami paper also found, "the largest U.S. retailers would effectively receive a transfer of approximately $2.9 billion from issuers and cardholders impacted by the legislation. But small businesses would save significantly less, if anything, putting small

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[19] *Id.*
[20] U.S. Federal Reserve, Javelin Strategy & Research estimates, 2024 (Figure 4).
[21] Nilson Report 1257 (2004).
[22] https://www.convenience.org/Media/Daily/2024/March/26/2-The-Hidden-Costs-of-Cash-Management_Payments.
[23] https://www.businesswire.com/news/home/20180130005244/en/New-Research-from-IHL-Group-Shows-Retailers%E2%80%99-Cash-handling-Costs-Range-from-4.7-to-15.3-Depending-on-Retail-Segment#:~:text=%22Much%20has%20been%20made%20about,rather%20than%20their%20complete%20focus.
[24] Merchants experience various cost across their business through frontline staff, supervisors, and back-office personnel to manage the physical exchange and movement of cash. For instance, employees need to have enough $20 and $1 in their cash drawer at the start of the day and throughout the day to service customers. The fees associated with preparing cash to be picked up by armored couriers and the possibility of theft are additional costs that make card payments cheaper and more streamlined.

businesses at a further competitive disadvantage than is currently the case." According to surveys from the National Retail Federation (NRF), only around 40% of retailers actually employ payment routing to control costs.[25] A large retailer with more than $100 million in sales likely works with their processor and acquirer to control routing, but almost all small businesses across the U.S. are either unaware of payment routing or do not have the power to tell large processors how and when to route payment transactions. The CCCA will empower large merchants not small businesses.

Based on reporting from the *Wall Street Journal*[26] and research from the Federal Reserve, many small businesses faced higher payment processing costs after similar regulations on debit.[27] The *Wall Street Journal* noted Redbox raised its prices by 20 percent to account for higher debit costs from regulation. One coffee shop owner reported how the regulatory fallout was "a killer for me." The Fed found some retailers had debit fees double or even triple as a result of regulation.[28]

V. Community Banks are Vital to the U.S. Economy

Community banks, which generally have less than $10 billion in assets, are vital to the U.S. economy.[29] About 4,000 community banks across the U.S. provide "personalized service and maintain greater connection to their customers."[30] **The CCCA threatens to significantly reduce interchange revenue to community banks that rely on it to pay for rewards, invest in fraud protection, and offer affordable interest rates to small business borrowers. These community banks are themselves small businesses.**

A recent paper from a Texas A&M economist predicted CCCA could result in doubling the amount of U.S. card fraud.[31] Many of these burdens would be borne by small entities with almost no profit margin, as the Federal Reserve reports the average return on assets, before taxes, is just 1.54% for banks.[32] CCCA would be another burden on community banks that many are unlikely to bear without severe consequences for their business and their cardholders.

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[25] "The State of Retail Payments: Outlook for 2019," National Retail Federation.
[26] https://www.wsj.com/articles/SB10001424052970204319004577084613307585768.
[27] "Debit-Fee Cap Has Nasty Side Effect", *Wall Street Journal*, December 8, 2011, available at https://www.wsj.com/articles/SB10001424052970204319004577084613307585768.
[28] "Welfare Analysis of Debit Card Interchange Fee Regulation," U.S. Federal Reserve, available at https://fraser.stlouisfed.org/files/docs/historical/frbrich/econbrief/frbrich_eb_13-10.pdf.
[29] https://www.kansascityfed.org/banking/community-banking-bulletins/the-critical-role-of-community-banks/.
[30] *Id.*
[31] "Unintended Consequences of the Credit Card Competition Act," Professor Korok Roy. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5004917.
[32] "Profitability of Credit Card Operations of Depository Institutions," U.S. Federal Reserve. https://www.federalreserve.gov/publications/files/ccprofit2022.pdf

The chief financial officer of one card-issuing bank testified before the Committee in 2022 and discussed how the Durbin Amendment continues to significantly harm community banks.[33] After the Durbin Amendment was enacted, community banks and credit unions saw "their interchange revenue drop 30% per swipe on PIN debit transactions."[34] Data from the Federal Reserve illustrates that the average inflation-adjusted interchange fee for exempt issuers has fallen. Compared to January 2011—just before the Durbin Amendment took effect—the average inflation-adjusted interchange fee for "exempt" issuers dropped by more than 35% for single-message transactions and fell by 8% for dual-message, reducing total interchange revenue compared to what would have been generated without the Durbin Amendment.[35]

As covered issuers were forced to reduce interchange fees, exempt issuers similarly faced reduced interchange revenue due to downward market pressure and the need to remain competitive, resulting in fewer free services (e.g., checking accounts) offered to community bank customers.[36] This same trend would play out again if the CCCA were enacted into law, likely resulting in an increase in the cost of other banking services, including credit card interest rates and fees for checking accounts.

The credit card market does not operate in a vacuum. Routing restrictions on larger banks will ultimately affect small community banks. Many smaller banks issue credit cards through an agent relationship with a large issuing bank.[37] In 2022, the banking official testified that a reduction in interchange revenue was "a direct result of small issuers being covered by the [Durbin Amendment]'s backdoor price controls, known as 'routing mandates'"—the same restrictions in the CCCA.[38] An expansion of the routing mandates to credit cards would force small banks to "leave the market and consumers and merchants would end up with fewer choices."[39] Federal Reserve data[40] found that community banks and credit unions, which have lower debit volumes, "face per-transaction costs related to authorization, clearing, and settlement (ACS) services that are 20 times higher than larger banks."[41] If higher costs push away customers, community banks will lose deposits to other banks that can offer better rates. The resulting solvency

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[33] https://www.judiciary.senate.gov/imo/media/doc/Testimony%20-%20Kim%20-%202022-05-04.pdf.
[34] *Id.*
[35] Electronic Payments Coalition (2023). *What Exemption? Community Banks and Credit Unions Lose Under the Durbin Amendment.*
[36] https://www.federalreserve.gov/econres/feds/files/2017074pap.pdf.
[37] https://thefinancialbrand.com/news/banking-trends-strategies/durbin-2-0-threat-banks-credit-unions-brace-for-significant-impact-154844/#:~:text=Merchant%20groups%20have%20hailed%20the,largely%20funded%20by%20interchange%20fees.
[38] *See supra* note 35
[39] *See supra* note 35
[40] Board of Governors of the Federal Reserve System (2021), "2019 Interchange Fee Revenue, Covered Issuer Costs, and Covered Issuer and Merchant Fraud Losses Related to Debit Card Transactions." See Table 13.
[41] https://electronicpaymentscoalition.org/resources/what-exemption-community-banks-credit-unions-lose-under-the-durbin-amendment/.

issues could compel consolidation in the U.S. banking sector and reduce competition for banking services. This outcome stands in stark contrast to the putative goal of the CCCA—to create competition. **Community banks and their small business borrowers would be some of the biggest losers under the CCCA.**

VI. Payment Cards Do Not Contribute to Inflation

The Committee routinely heard the erroneous claim that interchange is an "inflation multiplier." However, this claim fails to align with the fact that credit card interchange rates have remained virtually unchanged at 1.8% since 2017 while inflation has increased 27% over the same period.[42] While it is true that interchange income has risen over time, the average *rate of interchange* has not. In fact, issuers *froze* interchange rates during the pandemic, even as the relative importance of electronic payments grew. Recent increases in interchange revenue are almost exclusively due to increased card use and higher merchant prices for goods and services.

Additionally, because credit cards drive higher sales, faster transaction times, and prompt payments, they generate positive net results to merchants, making them *more* efficient and less costly compared to the costs and inefficiencies associated with handling cash. In fact, the net revenue and efficiency and gains associated with accepting cards can induce downward pressure on inflation.

There are many macroeconomic factors that lead to inflation. Some academics have explained how the Federal Reserve's decisions on monetary policy have primarily contributed to inflation.[43] Other studies show that higher commodity prices and "supply chain disruptions" were primary contributors to inflation.[44] There is no mention of interchange fees as a source of inflation. It might be politically convenient for merchants to blame their price increases in recent years on credit card issuers and networks, but the claim that interchange has contributed to inflation does not withstand basic scrutiny.

VII. Credit Card Rewards Benefit Consumers

Consumers greatly value their rewards programs, which is validated time and again in customer reviews and research.[45] There was some discussion of rewards at the hearing, but the figures provided were incorrect—not even in the ballpark. One witness quoted

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[42] https://electronicpaymentscoalition.org/resources/epc-q3-2024-data-dashboard/; Bureau of Labor Statistics Consumer Price Index.
[43] https://www.wsj.com/articles/interest-rates-are-a-sideshow-in-the-fed-drama-economy-monetary-policy-central-bank-53bb6d9e.
[44] https://www.nber.org/digest/20239/unpacking-causes-pandemic-era-inflation-us.
[45] https://www.linkedin.com/posts/thomas-rosenkoetter_in-a-new-american-bankers-association-survey-activity-7258179554731593729-2JSI/?utm_source=share&utm_medium=member_desktop

rewards at $40 billion. This is false. Javelin research notes cumulative rewards paid to American consumers are $100 billion.[46]

Additionally, there was discussion at the hearing on how rewards are regressive and primarily benefit the one percent. This assertion is flat out wrong and has been disproven by myriad economic research including:

- Research from the Consumer Financial Protection Bureau (CFPB) finds, "even consumers with deep subprime scores put more than one-half of their credit card purchase volume on rewards cards, and consumers with near-prime scores put more than two-thirds of their spending on rewards cards."[47]
- An academic paper from the International Center for Law & Economics corroborates this by stating that lower-income households benefit from rewards. The paper explains that "the availability of rewards cards is more tied to credit ratings than to income, which means that even those with lower incomes do benefit from the use of rewards cards."[48] The same paper also mentions that "86% of credit cardholders have active rewards cards, including 77% of cardholders with a household income of less than $50,000."[49]
- A 2021 study conducted by the American Bankers Association found that households of all incomes benefit from rewards cards and that credit card rewards are <u>not</u> a wealth transfer—indeed, credit card reward programs benefit consumers of all incomes as well as merchants who accept credit cards.[50] The study, which analyzed balance-active credit card accounts taken from a nationally representative sample of nearly 40 million open accounts, also found that most interest is paid by higher-income cardholders, and that income has little bearing on a cardholder's credit score.
- A study conducted earlier this year by the Electronic Payments Coalition found the share of credit cards offering rewards is nearly identical across income and cardholders, regardless of income, earn rewards at virtually equal rates.[51] It also found that cardholders with incomes less than $60,000 redeem rewards at rates consistent with upper-income cardholders and that the boost in income from rewards redeemed is three to four times larger for low- and moderate-income cardholders than for upper-income cardholders.[52]

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[46] "Understanding Credit Card Rewards," Javelin Research, August 2023.
[47] "The Consumer Credit Card Market," Consumer Financial Protection Bureau, August 2019.
[48] https://laweconcenter.org/wp-content/uploads/2021/11/Reverse-Robin-Hood-1.pdf.
[49] *Id.*
[50] American Bankers Association (2021). "The Benefits of Credit Card Rewards: How Rewards Provide Value to Merchants and Consumers of All Incomes." https://www.aba.com/news-research/analysis-guides/the-benefits-of-credit-card-rewards.
[51] Electronic Payments Coalition (2024). "The Value of Credit Card Rewards: How Americans, Including LMI Households, Utilize Rewards Programs." https://electronicpaymentscoalition.org/2024/04/30/new-study-data-shows-credit-card-rewards-are-a-lifeline-for-working-class-americans/.
[52] Ibid.

The research is clear that millions of Americans from all income levels benefit from rewards programs, which are directly funded by interchange fees. Nevertheless, during the hearing, two witnesses cited research from the Federal Reserve that they misrepresented as supporting the flawed so-called Reverse Robin Hood hypothesis. In reality, the study in question states that "our findings are ***inconsistent*** with the 'reverse Robin Hood' hypothesis."[53] Since credit scores and income are only moderately correlated, the paper does not support the notion that rewards programs are regressive, contrary to assertions made during the hearing. In fact, as illustrated above, low-to moderate-income (LMI) accountholders earn and redeem rewards at the same rate as middle-income and upper-income accounts.[54] Simply put, the Reverse Robin Hood theory asserted at the hearing is a fallacy, and the American people were deprived the right to hear the truth.

VIII. Value Payment Cards Provide

Credit cards provide incredible value across the economy—from allowing the flow of commerce to building consumer credit to increasing merchant revenue.

For Consumers:

- $80 billion in fraud avoided through our system's cybersecurity tools; [55]
- $100 billion in consumer rewards; and
- Basic extension of credit that fuels the global economy.

For Merchants:

- Credit cards accounted for $5.4 trillion in sales to merchants in 2022, with an average transaction value of $98, according to the Federal Reserve. By contrast, the average value of a debit transaction was just $39.
- Merchants obtain $60 billion in "ticket lift," or increased value of transactions, when our institutions help to finance these purchases.
- $30 billion in interchange revenue merchants receive directly when they agree to co-brand card programs with banks and credit unions.

For the Economy:

- One recent paper from a George Washington University economist found more than $190 billion in net annual benefits to the U.S. economy come from credit and debit cards.[56]

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[53] https://www.federalreserve.gov/econres/feds/files/2023007pap.pdf. (emphasis added)
[54] https://electronicpaymentscoalition.org/2024/04/30/new-study-data-shows-credit-card-rewards-are-a-lifeline-for-working-class-americans/.
[55] "How Free Lunch Fallacy Feeds Credit Card Regulation," Dr. Ron Bird, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4964805.
[56] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4964805.

- Moody's Analytics estimated that between 2011 and 2015 cards contributed about $74 billion to global GDP each year.[57]

IX. Conclusion

Consumers, merchants, banks, and the economy at large benefit from the availability of credit cards, access to credit, and safe, secure payment networks supported by interchange. The Committee should recognize that interchange fees are "an investment in American commerce, not a junk fee."[58] Policies that artificially cap interchange fees with routing mandates will largely eliminate rewards, increase fees, and limit access to basic credit. **The lack of credit card issuer representation at the hearing was extremely disappointing and shows that the Committee is not serious about working to improve the credit card market.**

We appreciate the opportunity to provide this feedback to the Committee and hope that our voice can be heard in any future examinations of this matter by the Committee.

Sincerely,

American Bankers Association
Alaska Bankers Association
Arkansas Bankers Association
Colorado Bankers Association
DC Bankers Association
Florida Bankers Association
Hawaii Bankers Association
Illinois Bankers Association
Iowa Bankers Association
Kentucky Bankers Association
Maine Bankers Association
Massachusetts Bankers Association
Minnesota Bankers Association
Missouri Bankers Association
Nebraska Bankers Association
New Hampshire Bankers Association
New Mexico Bankers Association
North Carolina Bankers Association
Alabama Bankers Association
Arizona Bankers Association
California Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Georgia Bankers Association
Idaho Bankers Association
Indiana Bankers Association
Kansas Bankers Association
Louisiana Bankers Association
Maryland Bankers Association
Michigan Bankers Association
Mississippi Bankers Association
Montana Bankers Association
Nevada Bankers Association
New Jersey Bankers Association
New York Bankers Association
North Dakota Bankers Association

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[57] https://www.tralac.org/images/docs/9254/the-impact-of-electronic-payments-on-economic-growth-moodys-analytics-visa-february-2016.pdf.
[58] *See supra* note 35

Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

CC: Members of the Senate Committee on the Judiciary