



# 2017 MCUL Government Affairs Federal Issue Brief

## Repeal the Durbin Interchange Amendment

### Background

Michigan's credit unions and their members would greatly benefit from a repeal of the Durbin Amendment to Dodd-Frank, which sets price controls on debit interchange fees. While the intent of the amendment was to pass fee savings along to consumers, merchants have instead kept the savings for themselves (estimated at more than \$36 billion).

### Impact on Credit Unions and Their Members

Credit unions have lost billions in interchange revenue, which otherwise could have been passed back to credit union members and/or used to support a global payments network and increased security technologies. Even though all of Michigan's credit unions fall under the \$10 billion cap of the Durbin Amendment, all credit unions must comply with the provision requiring multiple routing systems. This is an unnecessary and expensive requirement for credit unions.

### Interchange Amendment Adversely Impacts Smaller Financial Institutions

Credit unions typically have a much lower number of debit transactions than larger banks, and are therefore less able to absorb costs resulting from the Durbin Amendment. In a Federal Reserve Bank of Richmond study, it was indicated that the amendment is simply not working as intended. The report

found that "few merchants are found to reduce prices or debit restrictions as debit costs decrease."

### MCUL Position

The MCUL supports a well-regulated payment system based on laws that provide a framework for constant product improvement. Legislation to repeal section 1022 of Dodd-Frank will provide credit unions with important revenue to support the technology and administration costs of their debit card programs.

### Legislative Status

In 2016, legislation (HR 5465) was introduced in the U.S. House to repeal the Durbin Amendment. Additionally, House Financial Services Chairman Jeb Hensarling included language to repeal section 1022 of Dodd-Frank in section 335 of the Financial Choice Act. Encourage your member of Congress to support Durbin amendment repeal legislation when it is re-introduced in the 115th Congress.