April 29, 2022

The Honorable Charles Grassley
Ranking Member
U.S. Senate Committee on the Judiciary
Washington, D.C. 20510

Dear Senator Grassley,

The Judiciary Committee is scheduled to hold a hearing Wednesday, May 4, 2022, titled “Excessive Swipe Fees and Barriers to Competition in the Credit and Debit Card Systems.” On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I am writing to inform you of our opposition to any effort to impose provisions from the Durbin amendment (Section 1075) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) on credit card purchases.

Expanding the Durbin amendment to include credit card purchases would lead to higher prices for consumers and the loss of credit card rewards programs. Americans, especially lower-income households and small businesses, benefit from the current credit card rewards offerings. According to an April 25, 2017 International Center for Law and Economics report, “86 percent of credit card holders have active reward cards, including 77 percent of cardholders with a household income of less than $50,000.” Expansion of the Durbin Amendment would disproportionately harm American households earning less than $20,000, 82 percent of whom own a rewards card.

Supporters of expanding the Durbin amendment claim that it will lead to lower prices for consumers. However, adoption of the Durbin amendment on debit card rewards has already led to higher prices for consumers while large retailers have made billions. According to the Federal Reserve Bank of Richmond, only 1.2 percent of merchants lowered prices following this expansion, and 22 percent raised prices. Enactment of the Durbin amendment has also caused an increase in the unbanked population. According to a 2014 George Mason University study, the Durbin amendment led to one million Americans losing access to banking services, most of whom are located in minority and lower-income communities.

The payment processing market is highly competitive and benefits consumers. Expansion of the Durbin amendment would only interfere with this healthy competition and leave consumers with even fewer choices and benefits. I urge you to oppose any proposal that would expand the Durbin amendment.

Sincerely,

cc: Republican Members of Senate Judiciary Committee