

April 25, 2017

Dear Chairman Hensarling,

The undersigned trade associations representing nearly every bank and credit union across the nation write today in support of Section 735 of discussion draft text of the Financial CHOICE Act, which fully repeals the costly, burdensome Durbin Amendment.

Big box retailers have amassed an \$8 billion annual windfall from the Durbin Amendment. Instead of passing on revenues to their customers in the form of lower prices at the checkout counter, Federal Reserve Board of Richmond data show that 99 percent of retailers raised prices or kept them level after Durbin went into effect. Academics have even described the Durbin Amendment as a wealth transfer from low-income families to retailers, and retailers themselves have highlighted the windfall they received under the law.

It's also clear at this point that, effectively, there was no Durbin Amendment exemption. The Durbin price controls and routing provision clearly have harmed community financial institutions with less than \$10 billion in assets by eroding their interchange revenues. As reported by the Federal Reserve, compared to January 2011 – just before the Durbin Amendment took effect – the average interchange fee for “exempt” issuers has fallen 19.7 percent for PIN transactions and 5 percent for signature transactions, therefore reducing total interchange revenue.

We thank you again for your leadership on this issue. Our members and their customers look forward to Wednesday's committee hearing.

Sincerely,
American Bankers Association
Consumer Bankers Association
Credit Union National Association
Electronic Payments Coalition
Financial Services Roundtable
Independent Community Bankers of America
National Association of Federally-Insured Credit Unions

CC: Members of the House Financial Services Committee