



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Anthony R. Hernandez**  
President/CEO

October 11, 2022

The Honorable Charles E. Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

**Re: Military Family Concerns with Senate NDAA Amendments 6201 & 6174;  
Durbin Amendment Expansion Via NDAA**

Dear Leader Schumer and Leader McConnell:

On behalf of America's 187 Defense Credit Unions and their over 32 million members, I am writing to express the Defense Credit Union Council's strong opposition to the so-called "Credit Card Competition Act of 2022" (Amendment 6201) and an unnecessary and intrusive study proposal (Amendment 6174) which have been proposed for inclusion in this year's National Defense Authorization Act (NDAA). The proposed amendments are aimed at securing yet another windfall for big box retailers and e-commerce giants at the expense of our credit unions and their millions of military and veteran members.

Neither amendment should be included in the NDAA.

Merchants and retail groups seek further restrictions on credit interchange because they want the federal government to increase their bottom lines by requiring that banks and credit unions to route credit card transactions to the cheapest network. They are using the same false promises which led to the 2010 Durbin Amendment. Worse, these groups are now exploiting military members, and targeting Medal of Honor recipients, Purple Heart recipients, former POWs and Disabled Veterans among others in their flawed study proposal.

We know big box retailers and e-commerce giants are making empty promises. According to a 2014 survey conducted by the Federal Reserve Bank of Richmond, there is a clear disconnect in what was promised during the 2010 Durbin Amendment versus what occurred. In fact, the survey highlights a sizable fraction of merchants who raised their prices or imposed restrictions on debit card use to avoid paying debit interchange fees.

Yet, few merchants were found to reduce prices or remove debit restrictions, even as debit costs decreased, keeping the money for themselves. Additionally, no one is monitoring compliance with the original 2010 Durbin Amendment with respect to debit cards. Consumers continue to lose. There is nothing to suggest things will be any different for credit cards.

Apart from the new Durbin-Marshall legislation (S 4674) doing nothing to lower prices for hard-working Americans, there is a security concern. If the Federal Government imposes price controls on interchange, credit card transactions will likely go over less secure, less reliable networks that do not provide a suite of rewards and protections for consumers. Instead, retailers will route transactions over the cheapest networks – many of which have underinvested in their platforms with little concern for security innovations or consumer benefits.

In the words of CMSPI, a self-described merchant think tank, routing on credit, “means that merchants can choose to *send the transaction down the cheapest available route.*” Not the most secure network, not the one that generates the greatest value to consumers, but the cheapest route. Our military members and veterans deserve better.

It is equally alarming to see a study proposal on “credit and debit card user fees *imposed* on veteran and caregivers at commissary stores and MWR facilities.” Apart from several privacy concerns, the difficulty in obtaining the required data, and lack of proper banking committee oversight, the mere title of the amendment implies the study is already slanted to reach a predetermined conclusion. Plus, the federal government, not consumers themselves, pays these fees and should continue to do so in recognition of these heroes.

Very few Americans want to read that Congress voted to increase merchant profits by exploiting Medal of Honor recipients, Purple Heart recipients, former POWs, and Disabled Veterans. Our nation’s defense credit unions understand that now more than ever we need to put our nation’s servicemembers first and reject the hollow call for new laws that would make basic financial services even more expensive for working-class Americans. We urge you to stand with us and stand up to the powerful interests pushing this by rejecting this legislation.

If there is anything we can do to provide additional information on the impact of this legislation or other payments issues, please let us know. My office can be reached at (202) 734-5007 or at [ahernandez@dcuc.org](mailto:ahernandez@dcuc.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Anthony R. Hernandez". The signature is fluid and cursive, with a large initial "A" and "H".

Anthony R. Hernandez