



**DCUC**  
DEFENSE CREDIT UNION COUNCIL

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**Anthony R. Hernandez**  
President/CEO

August 8, 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 S. 4674, The Credit Card Competition Act of 2022**

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 our concerns regarding the "Credit Card Competition Act," S. 4674, which was recently introduced by Senators Dick Durbin and Roger Marshall. The proposed legislation is a clear attempt to secure 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.

Merchants and retail groups support this bill because they want the federal government to pad their bottom lines by requiring that banks and credit unions route credit card transactions to the cheapest network. They say this will lower prices for consumers. We know this is not true. This is the same story big box retailers told Congress about the Durbin Amendment in 2010, and that legislation was a bonanza for the nation's largest corporations. Yet, this did nothing to lower prices for working Americans. Instead, it drove up the cost of basic banking services for consumers – hitting lower-income Americans and military families the hardest.

This bill contains a cynical carve-out for smaller institutions, but that's smoke and mirrors. By regulating the largest institutions and payment networks, the bill will force changes to the whole credit card payments ecosystem. That means credit unions will have pay for things like updates to technology and reissuance of cards. It will cost billions of dollars and it will disproportionately affect credit unions that do not have the resources of big banks. Many of our member institutions will be forced to exit the credit card business altogether or pass through the costs to our military members, their families, and communities.

Apart from the unfairness of saddling military credit unions with costs for the benefit of giant retailers, it is a terrible idea to have the government take the choice of a payment network away from consumers and give it to big-box retailers. Today, consumers pick their credit card based on the trust, security, benefits, and protections that the card offers. In our economy, that means

payment networks need to be at their best to win consumer loyalty because they develop many of the features that accompany credit cards.

If consumers lose the ability to choose their network, 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.

The move to the cheapest network possible will deprive defense credit unions of interchange income that they use to keep their basic banking services affordable for members of our armed forces. A recent GAO study said that one of the top 5 reasons for the loss of free checking accounts was the Durbin Amendment’s cap on interchange fees. If S. 4674 becomes law, defense credit unions will lose yet another stream of non-interest income that they use to keep basic financial services affordable for our military members and their families. The Credit Card Competition Act is essentially a tax on our troops to put more money into the pockets of big box retailer investors. At a time of rising inflation, we cannot raise the cost of basic banking for our military members.

Our member credit unions understand that now more than ever we need to put 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 the first name being the most prominent.

Anthony R. Hernandez