



DCUC
DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

July 15, 2024

The Honorable Charles Schumer
Majority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
317 Russell Senate Office Building
Washington, DC 20510

Re: Exploiting our Nation's Heroes and the Credit Card Competition Act

Dear Leader Schumer and Leader McConnell,

On behalf of America's Defense Credit Unions and over 37 million members, I am writing to express the Defense Credit Union Council's ongoing concerns with another NDAA study proposal that seeks to bolster support for the so-called Credit Card Competition Act. The proposed amendment by Senator Roger Marshall (R-KS) exploits Medal of Honor recipients, Purple Heart recipients, former POWs, Disabled Veterans, and their caregivers to reignite calls by merchants for cheaper, unsecure networks with zero accountability. America cannot afford to endanger millions of military and veteran members while enriching big box lenders and e-commerce giants.

The proposed study on credit and debit card user fees imposed on certain veterans and caregivers at commissary stores and MWR facilities is misleading. First, the Defense Commissary Agency (DeCA) and or the US Treasury Service/FMS negotiated a special pricing on interchange with various brands/Networks. Thus, it is the federal government, not consumers themselves, who pays these fees at commissaries and MWR facilities. The federal government should continue to do so in recognition of these heroes.

Second, apart from several privacy concerns, it is extremely difficult to obtain the required data. Under the Debit Networks Rules and industry PCI compliance, the credit/debit card front of card brands, retailers, processors, and networks are not permitted to have access to, or retain, consumer level data such as names, addresses, account numbers attached to the card. Only limited information is contained on the track of the card, or the chip, or in the on-line message. This study proposal will need proper banking committee oversight if it seeks to invade the privacy of these veteran consumers.

Third, the mere title of the study suggests a predetermined conclusion. However, the goal of conducting this study will do nothing to lower prices for hard-working Americans. There is also 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, commissaries and military exchanges will route transactions over the cheapest networks – many of which have underinvested in their platforms with little concern for security innovations or consumer benefits.

Finally, the proposed study's predetermined conclusion will not force defense commissaries or any of the military exchange services to reduce prices or remove credit and debit restrictions, even if interchange costs decreased. No one is monitoring compliance with the original 2010 Durbin Amendment with respect to debit cards. Consumers continue to lose as nothing in the proposed Credit Card Competition Act indicates things will be different for credit cards.

Serving Those Who Serve Our Country

We doubt the American public wants 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 and study proposal. It has no business in the NDAA or other must-pass 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.

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, Colonel, USAF (Ret)