



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

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The Honorable Tim Scott
Chairman
Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Elizabeth Warren
Ranking Member
Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable French Hill
Chairman
Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Financial Services Committee
United States House of Representatives
Washington, DC 20515

Subject: **Opposition to the Credit Card Competition Act (CCCA) – Impact on Military Families and Credit Unions**

Dear Chairman Scott, Ranking Member Warren, Chairman Hill and Ranking Member Waters,

On behalf of the Defense Credit Union Council (DCUC), which represents defense and veteran - related credit unions serving more than 40 million members with assets over \$500 billion , I write g to express our strong opposition to the Credit Card Competition Act (CCCA). We urge you **not** to support this legislation. While the CCCA is portrayed as a measure to enhance competition and lower costs, we are gravely concerned that its **unintended consequences** would harm the financial well-being of military veterans and their families and undermine the institutions dedicated to serving them. In fact, the CCCA threatens to **reduce access to credit, weaken consumer protections, and jeopardize the financial security** of those who have served our country.

Background and Context: The CCCA aims to overhaul how credit card transactions are processed by requiring that cards support multiple networks, allowing merchants to route transactions through the **cheapest available network**. Proponents claim this will spur competition and lower prices for consumers. However, experience with similar past regulations (namely the 2010 Durbin Amendment’s cap on debit interchange fees) shows that the promised consumer savings **never materialize**, while consumers and small financial institutions end up bearing new costs. A Federal Reserve Bank of Richmond study found that after debit fee caps were implemented, **98.8% of merchants did not lower prices, and 21% of merchants raised prices**, despite their lower processing costs. Many retailers even imposed new restrictions on debit card usage instead of passing along any savings to consumers. In other words, large retail merchants benefited by keeping more profit, and consumers saw no relief at the checkout counter. We fear the CCCA would repeat this scenario, **enriching major retailers at the expense of everyday Americans**, including military families.

Serving Those Who Serve Our Country

Key Concerns – Negative Impacts on Military Families and Credit Unions: The DCUC’s mission is to promote the financial health of U.S. service members, veterans, and their families. We believe the CCCA would directly undermine that goal. Our specific concerns with the legislation include:

- **Jeopardizing Military Families’ Financial Security:** Forcing credit card transactions onto the “cheapest” networks will likely route payments through **less secure, less reliable networks** with fewer protections. These cut-rate networks often **underinvest in fraud prevention and data security**, lacking the robust safeguards that military credit union members currently rely on. The Federal Reserve has reported that, after merchants gained the ability to route debit transactions over alternate networks, **fraudulent debit card transactions more than doubled**. We worry that CCCA’s routing mandate will similarly increase fraud risk for credit cards, putting servicemembers’ finances in peril. Military families, who already face unique financial challenges during deployments and relocations, cannot afford added exposure to fraud or identity theft.
- **Loss of Benefits and Higher Costs for Consumers:** Defense credit unions frequently offer credit card programs with **low rates, no annual fees, rewards points, and other benefits** that help military families stretch their budgets. The CCCA’s squeeze on interchange income would likely **force credit unions to cut back or eliminate many of these consumer benefits**. In the debit card market, such price controls led to the disappearance of reward programs for 30% of cardholders within two years, and the availability of free checking accounts plummeted as institutions struggled to offset revenue losses. If applied to credit cards, these measures could mean fewer reward miles for a military spouse flying home, or the end of cash-back rebates that many veteran households count on. Paradoxically, **any theoretical savings from lower interchange fees are unlikely to reach consumers** – as noted, nearly all merchants failed to pass on Durbin savings and many increased prices. This means military shoppers at base commissaries and retailers would see **no price reduction**, yet they would ultimately pay more through lost rewards or new bank fees. Essentially, the CCCA would make everyday financial services **more expensive for working-class Americans** like our enlisted troops and veterans, all while boosting the profit margins of the biggest retailers.
- **Reduced Access to Credit and Financial Services:** Military-focused credit unions are not-for-profit cooperatives that reinvest earnings to benefit their members. By drastically cutting interchange revenue and imposing new network requirements, the CCCA would **hinder defense credit unions’ ability to offer vital products and services**. This includes **low-interest credit cards, deployment relief programs, debt consolidation loans, and financial counseling** tailored for military families. Service members often face irregular income or overseas deployment needs, and they depend on the flexible, low-cost credit options their credit unions provide. If operating costs spike and revenues drop, credit unions may be forced to **tighten credit standards, reduce credit limits, or even discontinue certain credit card programs** that military communities rely on. In short, the people who wear our nation’s uniform could find it **harder to obtain affordable credit** for emergencies, home purchases, or small businesses – undermining their financial readiness and resilience.
- **Operational Burdens on Military-Affiliated Credit Unions:** Unlike mega-banks, defense credit unions are typically mid-sized or small institutions that operate on thin

margins. They would be **disproportionately impacted** by the CCCA's complex requirements. The legislation would force costly technology upgrades and compliance overhead to support multiple networks and new routing mandates. DCUC's President/CEO has noted that smaller institutions could face "*billions in costs*" to retool their systems, costs that would ultimately have to be passed on to customers. Such burdens divert resources away from member-facing services. In extreme cases, some credit unions might have to scale back their presence in certain markets or on military bases, leaving **fewer financial choices for military and veteran families**, especially in remote or underserved areas. It is troubling that a bill claimed to promote competition could actually **drive out community-focused lenders**, consolidating market power further into the hands of a few large corporations.

In light of these concerns, we believe the **risks to military families' financial security far outweigh any speculative benefits** of the CCCA. This act would disrupt a well-functioning credit card system that currently provides secure, rewarding, and accessible credit to those who serve our country. It would hand windfall profits to large retail merchants without delivering any promised price relief to consumers. Most importantly, it would **harm the very people we owe our support** – the soldiers, sailors, airmen, Marines, Coast Guardsmen, veterans, and Gold Star families who sacrifice for our nation. These Americans deserve financial policies that recognize their unique needs and safeguard their stability, not policies that make their lives more difficult.

Our Request: We respectfully **urge you to oppose the Credit Card Competition Act** and any attempts to attach it to other legislation. Please stand with defense credit unions in **protecting our military and veteran communities** from this harmful proposal. By rejecting the CCCA, Congress can prevent unintended damage to military families' finances and allow our credit unions to continue fulfilling their mission of serving those who serve us. We welcome the opportunity to work with you on alternative approaches to promote true competition and consumer benefit – approaches that do not come at the cost of our service members' financial well-being.

Thank you for considering our perspective on this critical issue. **Protecting the financial security of military families** has long been a bipartisan priority, and we urge you to continue that tradition by ensuring the Credit Card Competition Act does not become law. Your leadership and support will help guarantee that our nation's heroes and their loved ones can access safe, affordable credit and banking services now and in the future.

Should you or your team have any questions or desire additional information, please do not hesitate to contact me at 202.557.8528 or by email at jstverak@dcuc.org.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: US Senate Members
US House Members