



Credit Union National Association

cuna.org

DANIEL A. MICA
PRESIDENT & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | PHONE: 202-638-5777 | FAX: 202-638-7734

July 15, 2008

The Honorable John Conyers, Jr.
Chairman, Committee on Judiciary
U.S. House of Representatives
2426 Rayburn House Office Building
Washington, DC 20515-2214

Dear Chairman Conyers,

On behalf of the Credit Union National Association (CUNA), I am writing regarding tomorrow's scheduled House Judiciary Committee mark up of H.R. 5546, the "Credit Card Fair Fee Act." CUNA is the nation's largest credit union advocacy organization, representing 90% of our nation's 8,300 state and federal credit unions, their state credit union leagues, and their more than 90 million members.

We strongly urge you to oppose H.R. 5546, a bill that would negatively affect the interchange credit unions rely upon to support their debit card and credit card programs.

Of the approximately 90 million credit union members nationwide, 97% belong to a credit union issuing debit cards and 83% belong to a credit union issuing credit cards. Credit unions are proud to issue debit cards and credit cards to their members. Credit unions can offer these products because of interchange, the transaction fee that flows from the merchant, through its bank, to the credit union that issued the card to the consumer. Interchange helps the credit union cover its expenses and losses. Merchants benefit as they are guaranteed payment at the time the transaction is completed.

But merchants want more. Despite benefiting from cards issued by credit unions, merchants are urging Congress to support H.R. 5546, a bill to give them an anti-trust exemption to force interchange lower despite the credit union's costs to run the system and to establish a new government bureaucracy to set interchange after a lengthy and costly trial-type proceeding. Under H.R. 5546, merchants win and consumers lose. Consumers will lose as credit unions reassess their ability to offer convenient debit cards and competitive credit cards as interchange is reduced under the provisions of H.R. 5546. In addition, any reduction in interchange is not passed through to the consumer. Only the merchants win under H.R. 5546.

We ask for your vote against H.R. 5546, the interchange bill that would disrupt the competitive balance among merchants, the payment networks, and card-issuing credit unions. We consider this a critical vote for our members, and thank you for considering the credit union perspective.

Sincerely,

A handwritten signature in cursive script that reads "Daniel A. Mica".

Daniel A. Mica
President & CEO



PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | PHONE: 608-231-4000