



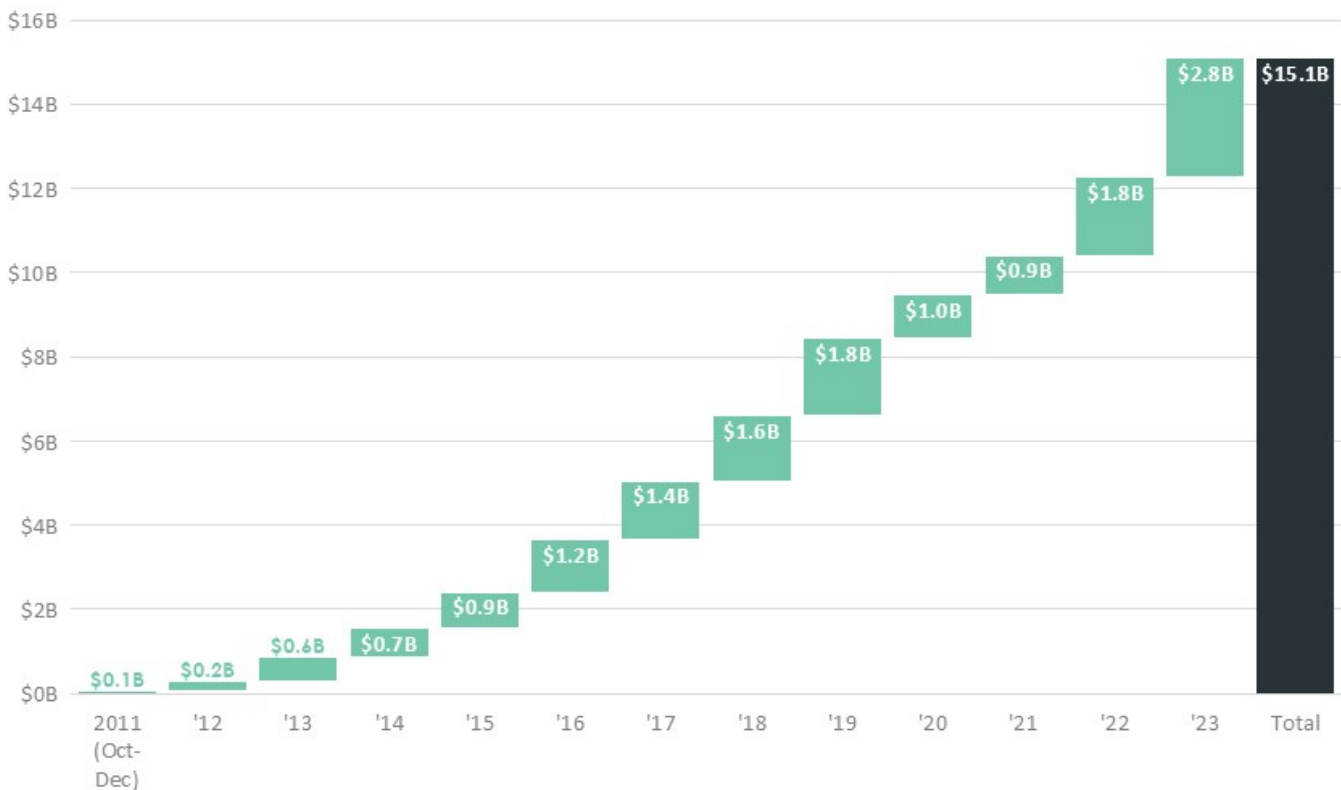
What Exemption?

Community Banks and Credit Unions Lose Under the Durbin Amendment

Although the Durbin Amendment’s debit card interchange fee cap supposedly exempted community banks and credit unions (“exempt issuers”) with less than \$10 billion in assets, data from the Federal Reserve clearly show that, following the amendment’s passage, interchange revenue fell for these entities in real terms.¹

As shown in the chart below, from 2011 – 2023, exempt issuers missed out on over \$15 billion in interchange revenue compared to what they would have received if pre-Durbin interchange rates remained in place. Because the Durbin Amendment split large and small banks based on interchange costs, merchants had more options in processing debit transactions, putting pressure on smaller issuers to lower their own interchange rates.²

Lost Interchange Revenue for Issuers Exempt from Durbin Amendment Theoretical Pre-Durbin versus Actual Interchange Revenue, Chained 2023 Dollars



Source: Electronic Payments Coalition calculations based on data from the Federal Reserve and Bureau of Labor Statistics.

Calculation simulates a counterfactual scenario in which the Durbin Amendment was not implemented. In this scenario, the average per-transaction interchange fee for exempt issuers prior to the Durbin Amendment's implementation is assumed to remain constant from 2012 – 2023. EPC measures the difference in interchange fees collected between the observed scenario and the counterfactual scenario while adjusting for inflation for each year of analysis using the CPI multiplier. Last updated 02.12.26.

¹ Board of Governors of the Federal Reserve System (2025), “Average Debit Card Interchange Fee by Payment Card Network.”

² Getter, D. (2017). “*Regulation of Debit Interchange Fees.*” Congressional Research Service.

In addition to reduced revenue, Federal Reserve data show that covered issuers with lower debit volumes (e.g., community banks and credit unions) face per-transaction costs for authorization, clearing, and settlement (ACS) services that are 30 times higher than those of larger banks.³ These institutions typically have fewer debit transactions than larger covered issuers, making it more difficult for them to absorb ACS-related costs.

Additionally, the \$10 billion asset threshold in the Durbin Amendment is not indexed to inflation. Over time, the value of the threshold has fallen significantly. Today's \$10 billion threshold would have been equivalent to \$7.2 billion in 2011, well below what is written in federal law. As a result, many mid-size banks that would have been considered Durbin-exempt at the time the bill was passed are now covered under the rule.

Small and mid-size banks are key to financial and credit access in the U.S. Smaller financial institutions, such as community banks and credit unions, often serve economically vulnerable populations, and use a portion of interchange revenue to provide tailored financial products to meet the needs of their communities. Additionally, local banks and credit unions have few alternative revenue streams to offset losses in interchange income, making it difficult to adapt to changes in their revenue composition.⁴ Despite being ostensibly exempt from the Durbin Amendment's interchange fee cap, community banks and credit unions have lost billions of dollars in interchange revenue, negatively impacting their bottom lines and the communities they serve.

³ Board of Governors of the Federal Reserve System (2025), "2023 Interchange Fee Revenue, Covered Issuer Costs, and Covered Issuer and Merchant Fraud Losses Related to Debit Card Transactions." See Table 13.

⁴ Electronic Payments Coalition (2023), "Out of Balance: How the Durbin Amendment has Failed to Meet its Promise."