

How the Big-Box Bill (S. 1838/H.R. 3881) Undermines Credit Card Security and Innovation

Senator Dick Durbin (D-IL) and his big-box retailer allies are back to their old tricks. This time, they're trying to pass their disastrous Big Box Bill (S. 1838/H.R. 3881) under the guise that this legislation would increase competition in the payments ecosystem. In reality, their bill **would devastate security and innovation** within the credit card market.

Senator Durbin passed his original Durbin Amendment in 2010, which imposed similar routing mandates on debit cards. This contributed to **the fraud rate for debit cards increasing by NEARLY 60%** in subsequent years. A similar outcome for credit cards would likely **cost OVER \$6 BILLION in additional fraud**.

There's No Free Lunch

If mega-retailers like Walmart and Target usurp the power to route credit card transactions, they'll likely use cheap, bargain-bin networks to cut costs, which will cause interchange to decline. Additionally, the Federal Reserve recently highlighted their concerns about alternate networks stating, "The Board believes it is likely that the share of [online] card-not-present fraud attributable to [alternate] single-message networks will increase in the coming years." The reality is that **interchange funds security innovations** that protect consumers and small businesses from fraud. **S. 1838/H.R. 3881 can't reduce one without diminishing the other.**

Mega-retailers will shift their own fraud costs onto banks. Most small financial institutions cannot choose the second network forced onto them by the original Durbin Amendment. The second network often provides smaller banks with lower interchange while merchants choose the cheapest network, not the most secure.

Fraud Protection & Cybersecurity Will Decline

Financial services companies bear the cost of fraud to ensure that consumers can be confident using credit cards. They also spend billions of dollars each year to bolster cybersecurity, leading to technological advancements like tap-to-pay and contactless payments. But under S. 1838/H.R. 3881, **providers wouldn't have the interchange revenue to invest in the protections and innovations that cardholders deserve.**

The Credit Card Market Will Regress

Forcing consumers, banks, and small financial institutions to have their cards processed on other networks would **require reissuing credit cards to all cardholders**—which alone would **cost billions of dollars**. The change would also force credit card networks and issuers to cede their routing technology to their competitors, **disincentivizing investment in payments security and innovation.**

**DON'T LET BAD POLICY THREATEN THE FUTURE OF CREDIT CARDS.
STOP THE BIG BOX BILL (S. 1838/H.R. 3881)!**