

# Why the ‘Big-Box Bill’ Failed in the 117<sup>th</sup> Congress

**TOPLINE TAKEAWAY:** Despite vigorous lobbying from the merchant community and their allies, the falsely named “Credit Card Competition Act of 2022” was deeply unpopular legislation—among both Democrats and Republicans. This legislation would have hurt consumers by increasing costs, weakening payment security, harming small financial institutions, reducing access to credit for those who need it the most, and ending popular credit card rewards programs.

- The credit card routing mandates included in the bill were deeply unpopular. Congress refused to take up this legislation during both the National Defense Authorization Act and Omnibus processes because lawmakers saw the disastrous results of similar regulations imposed on debit cards under the 2010 Durbin Amendment and did not want to double down on a bad deal.
- Credit card routing mandates would have reduced interchange revenue across the entire payments ecosystem—just so that mega-retailers like Walmart and Target could increase their bottom line. These same big-box retailers promised to pass the savings from the original Durbin Amendment along to consumers, which never happened. Instead, many consumers lost free checking and debit rewards.
- The financial services industry was united in opposition to the bill, especially smaller financial institutions like community banks and credit unions that were supposedly “exempt” from the legislation.
- Community banks and credit unions would have experienced the most harm from the legislation because its credit card routing mandates would have driven them out of the credit card business altogether, reducing access to credit in local communities and driving up interest rates. Routing mandates on credit cards restrict lending for small businesses and individuals from banks and credit unions, resulting in fewer choices for consumers.
- Because Congress left this legislation in the dustbin, thousands of low-income earners and underbanked communities will NOT see reduced access to essential banking and credit services.
- Consumers overwhelmingly opposed the legislation because it would have eliminated almost all popular credit card rewards programs like cash back and travel points. More than 250,000 letters were sent to lawmakers from grassroots advocates telling Congress to reject credit card routing mandates.
- The bill would have weakened fraud protection and disincentivized investments in innovative payment security technology.
- The original Durbin Amendment, which imposed similar routing mandates on debit cards, contributed in the fraud rate for debit cards increasing by nearly 60 percent in subsequent years. A similar outcome for credit cards would likely cost over \$6 billion a year in additional fraud.
- More than 170 organizations spanning the finance, banking, merchant, FinTech, travel, and nonprofit industries opposed the bill’s harmful credit card routing mandates. These businesses included major airlines, merchants with cobranded credit cards, and other small businesses.