

LOSS OF ACCESS AND HIGHER FEES: SAY NO TO DURBIN 2.0

MEGA-RETAILERS WIN BUT CONSUMERS PAY THE PRICE

In 2010, the Durbin Amendment (Durbin 1.0) imposed government-mandated interchange caps and routing mandates on debit cards. In the end, consumers lost.

Today, more individuals are unbanked:

- Durbin 1.0 has restricted the ability of banks and credit unions to offer free resources to customers, and as a result, America's underbanked population has increased by 1 million people.¹
- The growth² in the recently unbanked (those who had accounts previously but closed them within the last year) is highest in states with the most banks impacted by Durbin 1.0.

The EU continued this trend when they capped interchange on credit cards. The cost of cards went up, access went down and fees increased. Once again, consumers lost out.

Durbin 2.0 will only continue this negative trend. Take Europe for example. Look at the results of the EU's government interchange mandates.

HIGHER FEES:

The annual cardholder fees Europeans pay in:

- Italy is 17% higher than in the U.S.³
- Germany is 76% higher than in the U.S.⁴
- France is 105% higher than in the U.S.⁵

Average Annual Credit Cardholder Fees



Source: Argus Advisory Research

EU card issuers are reliant on cardholder fees. In the U.S., fees represent just 5% of revenue, while that percentage is three to six times higher in the EU.⁶

LESS ACCESS:

- More than 4 in 5 U.S. adults use and have access to credit cards; in Europe, those figures hover between 39% and 57%, and the majority of those credit products are merely "deferred debit" charge cards.⁷
- The credit card system in the EU is very different than in countries with more card usage and interchange is only lower because of EU-imposed government caps. But only EU retailers have seen the benefits, NOT EU consumers. The same would be true in the U.S. with the passage of Durbin 2.0.

While mega-retailers like Walmart, Target, and Home Depot may see the benefits, consumers will pay the price.

IS THIS REALLY WHAT SENATORS DURBIN, MARSHALL AND THEIR ALLIES WANT FOR AMERICAN CONSUMERS?

1 https://www.law.gmu.edu/assets/files/publications/working_papers/1418.pdf

2 https://scholarship.law.upenn.edu/faculty_scholarship/2885/

3 <https://www.argusadvisoryresearch.com/reports/country-reports/europe/italy.html>

4 <https://www.argusadvisoryresearch.com/reports/country-reports/europe/france.html>

5 <https://www.argusadvisoryresearch.com/reports/country-reports/europe/germany.html>

6 <https://www.argusadvisoryresearch.com/reports/country-reports/europe/italy.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/france.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/germany.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/belgium.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/spain.html>

7 <https://www.argusadvisoryresearch.com/reports/country-reports/europe/italy.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/france.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/germany.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/belgium.html>; <https://www.argusadvisoryresearch.com/reports/country-reports/europe/spain.html>