

Legislative **INSANITY:**

REPEATING THE SAME FAILED POLICY, EXPECTING DIFFERENT RESULTS

In the nearly 15 years since Congress placed new mandates on debit cards, independent and government reports have shown consumers, small businesses, and small financial institutions paid a significant price while corporate mega-stores, like Walmart and Target, pocketed billions in new revenue. Home Depot CFO Carol Tome even admitted it, [telling investors](#) they would likely see \$35 million added to their bottom line.

Now Senator Durbin is back, with the help of Senator Marshall, to impose similar mandates on credit cards.

Why should we think the results would be any different? The data is clear:

PPI Urges Congress to Reconsider Durbin-Marshall

- “While this legislation was intended to lower costs for consumers, when studied, the expected price reductions **never came to pass**, and in some cases, **prices actually rose**.”
- “No evidence that the cap on debit card interchange fees has led to savings for consumers.”
- “Extending the Durbin Amendment to credit card interchange fees could ultimately hurt consumers by ending access to rewards offered by credit card providers, and increase security risks for cardholders.”

CRS Report:

- CRS said “if it is impactful, it is unclear who would benefit.”
- Unlikely Benefits for Small Businesses: “It is unlikely a small business would be aware of a smaller network, and even if it did offer payment on that network, the odds that a bank would issue a card enabled for that exact network are relatively small.”
- Questionable Benefits for Consumers: “It is not clear whether retailers would pass interchange savings on to consumers.”
- Increased Fraud: Businesses “might face higher incidences of fraud if payment security is weakened.”
- Security Impacts: “If cards are effectively required to be interoperable, networks may be less willing to invest as much in secure payment technologies, as part of the benefit would accrue to their competitors.”
- Potential for Corporate Mega-Stores to Mix Commerce and Banking: “There may be unintended consequences of this bill. For instance, there is nothing stopping the major retailers from creating a payment network ... this would tighten links between commerce and banking and potentially lead to conflicts of interest.”

Richmond Fed Study:

- Following similar regulations on debit cards, the Richmond Fed found nearly a third of businesses saw higher costs and nearly 60% say no change in costs.
- Consumers did not even see any real savings. The Richmond Fed estimated 98% of businesses raised or kept prices the same.
- In fact, when counting all factors, the study found that less than 2% of merchants lowered prices at all.

With every shred of evidence pointing to the contrary, why would anyone be insane enough to assume this time it would be any different.

The Durbin-Marshall mandates would hurt consumers, hurt small businesses on Main Street and hurt community banks and credit unions – All to help the largest corporate mega-stores make more money.

EPC

**Electronic
Payments
Coalition**