

The Effect of the Durbin Amendment on Interchange Revenue

March 2025 Update

INTRODUCTION

The Durbin amendment, which was passed with the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010, imposes a cap on interchange fees for debit cards issued by banks holding more than \$10 billion in assets (i.e., “covered” banks). The cap restricts interchange fees for covered debit transactions to \$0.21 plus 0.05% of the transaction value. By design, the cap results in a massive shift in debit card interchange revenue from card issuers to merchants.

Proponents of the cap argue that merchants pass the savings from lower interchange rates along to consumers, but independent research has found that in practice this has not occurred.¹ Instead, the cap has harmed consumers in several ways, leading to reduced access to debit rewards programs and free checking accounts, higher banking fees, and loss of choice of routing network.² Low-income families have been particularly impacted by these consequences, especially the loss of debit rewards, more stringent balance requirements, and higher fees.

Estimates of the Durbin amendment’s effect on debit interchange revenues vary, but one oft-cited statistic is \$6 to \$8 billion per year. However, based on data published by the Federal Reserve, the annual cost is significantly higher (and growing). Since 2012, **issuers have lost over \$186 billion in interchange revenue**, including an estimated nearly \$22 billion in 2024 alone.

I. DATA

This analysis utilizes two datasets from the Federal Reserve Board of Governors:

- [Average Debit Card Interchange Fee by Payment Card Network](#) provides interchange fees per debit card transaction on an annual basis. The most recent data available is from 2023.
- [Interchange Fee Revenue, Covered Issuer Cost, and Covered Issuer and Merchant Fraud Loss Related to Debit Card Transactions](#) provides the annual number of debit card transactions for each year. It is published biennially, and the most recent data available is from 2021.

¹ See Wang, Schwartz, and Mitchell (2015), [The Impact of the Durbin Amendment on Merchants: A Survey Study](#), Federal Reserve Bank of Richmond. This research found that very few merchants passed along savings from lower interchange rates to consumers.

² See, for example, Mukharlyamov and Sarin (2019), [The Impact of the Durbin Amendment on Banks, Merchants, and Consumers](#), Faculty Scholarship at Penn Carey Law. Other research is summarized in Electronic Payments Coalition (2023), [Out of Balance: How the Durbin Amendment Has Failed to Meet Its Promise](#).

II. PROCESS

For each year, total interchange paid to debit card issuers was calculated by multiplying the total number of debit transactions by the average per-transaction (debit only) interchange fee paid in that year. To estimate how much debit interchange would have been paid to issuers (and shared with consumers via the two-side market) in absence of the Durbin amendment, the total number of transactions in that year was multiplied by the average per-transaction debit interchange fee from January – September 2011 (i.e., the period immediately preceding the implementation of the price cap).

In this way, the counterfactual scenario assumes that per-transaction interchange fees would have held steady at pre-Durbin levels from 2012 to 2019 in absence of a price control. From 2020 to 2022 (when observed average fees per transaction began to rise with inflation), the counterfactual scenario assumes that per-transaction interchange fees would rise at the same rate as the observed fees. For example, observed fees per transaction rose by about 7% from 2019 to 2020; it was assumed that they would have risen by the same factor under the counterfactual scenario. The difference between the observed total amount of interchange paid and the estimated total interchange paid under the counterfactual scenario represents the interchange revenue shifted away from issuers and consumers to retailers due to the Durbin amendment.

The Federal Reserve has published data for the total number of debit card transactions through 2021. To develop 2022 to 2024 estimates, total debit card transactions are assumed to have grown at the same rate as from 2011 to 2021. The data for the average fee per transaction is available through 2023; to extrapolate the 2024 datapoint, it is assumed that the fee per transaction would change at the same rate as it did in 2023.

III. RESULTS

The results of the analysis are displayed in the table below. Over **\$8.9 billion** in interchange was lost in 2012, immediately after the Durbin Amendment was implemented. Likewise, as transaction volume steadily rose over the following years, it is estimated that nearly **\$22 billion** in interchange was lost in 2024. In total, the analysis estimates that over **\$186 billion** in interchange has been lost since the Durbin Amendment's implementation — and counting.

Interchange Revenue Lost Due to Durbin Amendment

Year	With Durbin Amendment		Without Durbin Amendment (est.)		Lost Interchange Revenue (\$ billions)
	Fee Per Transaction	Total Interchange Paid (\$ billions)	Fee Per Transaction (w/ est. inflation adjustment)	Total Interchange Paid (\$ billions)	
2011	\$0.4840	-	\$0.4840	-	-
2012	\$0.3071	\$15.5	\$0.4840	\$24.4	-\$8.9
2013	\$0.3044	\$16.3	\$0.4840	\$26.0	-\$9.6
2014	\$0.3056	\$17.3	\$0.4840	\$27.4	-\$10.1
2015	\$0.3038	\$18.4	\$0.4840	\$29.3	-\$10.9
2016	\$0.3020	\$19.8	\$0.4840	\$31.4	-\$11.6
2017	\$0.3028	\$20.7	\$0.4840	\$33.1	-\$12.4
2018	\$0.3056	\$22.6	\$0.4840	\$35.8	-\$13.2
2019	\$0.3068	\$24.3	\$0.4840	\$38.3	-\$14.0
2020	\$0.3270	\$26.5	\$0.5158	\$41.8	-\$15.3
2021	\$0.3430	\$31.6	\$0.5410	\$49.8	-\$18.2
2022	\$0.3430	\$33.8*	\$0.5411	\$53.4	-\$19.5
2023	\$0.3388	\$35.8*	\$0.5345	\$56.4	-\$20.7
2024	\$0.3347*	\$37.8*	\$0.5279	\$59.7	-\$21.8
Total					-\$186.61

*Note: These values are based on the extrapolation techniques detailed above.