



“By Firefighters For First Responders”

June 16, 2023

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Re: Concerns with the Credit Card Competition Act

Dear Senators Schumer and McConnell:

On behalf of the 1.5 million first responder credit union members across the nation, we are writing to express our concerns about the expected re-introduction of the "Credit Card Competition Act". While merchants and retail groups claim that this legislation will reduce prices for consumers by increasing competition in the credit card marketplace, the proposed law does not actually have such an effect. In fact, it does nothing to reduce additional costs for consumers, but harms working-class Americans while only benefiting big box retailers and e-commerce giants.

We are particularly worried about the impact of this bill on lower-income families, first responders credit union members, and their families, along with the rising inflation that is already difficult for our hard-working members. This legislation not only keeps savings for the merchant but also increases the cost of basic banking services for consumers, which negatively affects their access to essential financial services.

We appreciate that the bill includes a carve-out provision for smaller institutions, but we believe that regulating the largest institutions and payment networks will ultimately force changes to the entire credit card payments ecosystem. As a result, smaller institutions face difficulty finding the resources to pay for technology updates and reissuance of cards, while fees increase for everyone else.

We also believe that removing the choice of payment network from consumers and placing it in the hands of big-box retailers affects consumer loyalty. Consumers have a wide variety of cards, processors, and issuing institutions to choose from when selecting a card. They pick their credit card based on the trust, security, benefits, and protections that a credit card offers. Selecting the lowest cost provider often leads to sacrificing many of these features without cost savings for the consumer. This is what happened with debit cards after the Durbin Amendment regulations were implemented in 2010. Consumers expect that their choice will be honored, instead of the government overriding their decision and placing it in the hands of the merchant who bears no risk.

Furthermore, credit card transactions will likely go over less secure and reliable networks if consumers cannot select their trusted networks. Merchants and retailers will route transactions over the cheapest networks – many of which do not re-invest in their platforms or upgrade security



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requirements, posing a significant risk to consumers' data privacy and security. Ultimately, consumers who have already lost with the Durbin Amendment will lose again.

Finally, allowing merchants and retailers to select payment networks eliminates yet another stream of non-interest income that keeps basic financial services affordable for credit union members. This move renders free checking accounts, low fees and interest rates, and financial wellness programs unsustainable for credit union members.

The National Council of Firefighter Credit Unions (NCOFCU) expresses their strong opposition to the Credit Card Competition Act, urging policymakers to reject the legislation's manipulation of our national payment system. Our nation must prioritize consumers, trust in their choices, access to affordable financial services, and their member benefits. We urge you to reject this cynical manipulation of our nation's payments system for narrow financial gain for the nation's largest retailers.

Sincerely,

Grant Sheehan
President / CEO
NCOFCU