

**Beating Back a Bad Idea: How Bankers United to Play Defense Against Durbin Expansion**

There's a saying that "everything old is new again," and that's certainly an adage you can bank on in Washington, D.C. — especially when it comes to poor public policy proposals.

A textbook example of this unfolded during the 117th Congress, when our industry found itself once again facing a bad idea that we thought had been soundly defeated: placing restrictive routing mandates on credit cards, like those imposed on debit cards by the Durbin Amendment over a decade ago. The idea came in the form of a bipartisan bill—the so-called Credit Card Competition Act—introduced in the Senate by Sens. Dick Durbin (D-Ill) and Roger Marshall (R-Kan.) and in the House by Reps. Peter Welch (D-Vt.) and Lance Gooden (R-Texas).

Bankers know all too well that the 2010 Durbin Amendment had disastrous consequences for banks and their customers: it increased the costs of checking accounts and debit cards and ultimately led to the elimination of popular debit card rewards programs. The Durbin Amendment's most damaging provisions apply to banks of all sizes, causing a nearly 25% cut in the per-transaction debit card revenue earned by banks with under \$10 billion in assets. At the same time, it helped line the pockets of large retailers who talked a big game about passing savings on to consumers—but 10 years' worth of data tells us that simply isn't what happened. In fact, the Federal Reserve published a study finding that only 1% of merchants lowered prices for consumers since the Durbin price controls took effect.

What's more, the Credit Card Competition Act also goes several steps further than the Durbin amendment—not only would it require banks to add a second network to their customers' cards, but it would limit them to options set by the Fed, unlike the Durbin Amendment, which allowed banks to choose between any two unaffiliated networks. The Credit Card Competition Act also requires banks to accept virtually any kind of transaction—functionally requiring them to onboard potentially many more than two networks, even networks that don't meet basic data security standards.

Given the potentially catastrophic effect the bill could have on community banks and bank customers—while providing no tangible cost savings or benefits for consumers—the industry sprang into action to set the record straight.

Immediately following the bill's introduction, ABA led a coalition of eight national financial services trade groups in issuing a statement of strong opposition to the bill. We then followed this up with numerous letters, op-eds, grassroots calls to action and co-branded ads with the Texas and Kansas bankers associations that ran in their respective districts. The efforts were amplified by an op-ed from the Florida Bankers Association and a creative "Don't Let Congress Steal Your Credit Card Rewards!" social media campaign from the Missouri Bankers Association. In early December, we then expanded that effort into an all-out media blitz to stave off any last-minute efforts to attach the bill to a must-pass piece of year-end legislation.

Every step of the way, our efforts at the national level were complemented by robust advocacy efforts by our partners at the state bankers associations, who stepped up to make calls, attend Washington fly-ins, pen letters and columns, and even appear on national TV to address our concerns about the bill.

Together, we blanketed Capitol Hill with a succinct, united message: the Credit Card Competition Act is terrible public policy that should not be enacted.

Our combined efforts proved the hollowness of this bill—it failed to attract a single cosponsor beyond the initial two in both the House and Senate or gain enough support to advance as a standalone measure and was successfully blocked from any other bills moving through Congress as the lame-duck session came to a close.

This win underscores the tremendous value of our state association alliance and demonstrates the power that our industry can have when we unite behind one message. It's also an important reminder about vigilance.

We can't say for certain whether and how these bad ideas will rear their heads again in Congresses to come. But what we *can* say is that if they do, our industry will be ready to respond.

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