

April 27, 2020

Dear President Trump, Majority Leader McConnell, and Speaker Pelosi

As leaders of groups representing millions of consumers, taxpayers, and entrepreneurs, we sympathize with businesses struggling due to the COVID-19 pandemic, and support policies to bring them regulatory and tax relief. We object, however, to policy actions proposed in the name of “relief” that benefit some businesses by massively raising costs on other businesses and consumers.

Specifically, we are concerned by the push by lobbyists for restaurants and other retailers to expand Dodd-Frank’s Durbin Amendment price controls to credit cards as well as debit cards. The Durbin Amendment is not only one of the costliest provisions of the Dodd-Frank financial overhaul of 2010, it is one of the most regressive.

In 2009, the year before Dodd-Frank was enacted, 76 percent of checking accounts were free of charge. By 2011, that share had fallen to 45 percent, and by 2012 to 39 percent, according to Bankrate.com. A 2014 George Mason University study calculates that the Durbin Amendment contributed to 1 million Americans losing access to the banking system—becoming “unbanked”—by 2011.

Extending this policy error to credit cards, particularly during this time of economic fragility, would cause further devastation. Consumers collect roughly \$40 billion in annual rewards from credit cards (\$167 per cardholder according to CFPB), and banks and credit unions’ ability to both provide free credit cards to consumers and consumer rewards could be imperiled. This would harm small entrepreneurs as well, as they use business credit cards as a prime source of financing. And everyone would be hurt if banks and credit unions are forced to forgo investments in cybersecurity due to the sudden revenue shortage these price controls would cause.

We therefore urge you to bring true tax and regulatory relief to Americans in future stimulus bills and not afflict Americans with more destructive red tape in these perilous times.

Sincerely,

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