Opposition to Marshall-Durbin Interchange and Commissary Amendments in NDAA

August 19, 2025

The Honorable John Thune – Majority Leader, United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles "Chuck" Schumer – Minority Leader, United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mike Johnson – Speaker, U.S. House of Representatives
521 Cannon House Office Building
Washington, D.C. 20515

The Honorable Hakeem Jeffries – Minority Leader, U.S. House of Representatives
2267 Rayburn House Office Building
Washington, D.C. 20515

Re: Opposition to inclusion of the Marshall-Durbin interchange amendments in the NDAA

Dear Majority Leader Thune, Minority Leader Schumer, Speaker Johnson, and Minority Leader Jeffries:

We, the undersigned national banking and credit union trade associations, write to express our unified and **strong opposition** to the inclusion of the Marshall-Durbin interchange legislation – formally known as the *Credit Card Competition Act* – **and a related "commissary interchange" study amendment** in the FY2026 National Defense Authorization Act (NDAA). Collectively, our organizations represent financial institutions of all sizes in communities across the country, including those dedicated to serving military service members and their families. We are deeply concerned that these controversial provisions, which are unrelated to national defense, would harm consumers, disadvantage small financial institutions, and even undermine

the financial well-being of military families. Simply put, the Marshall-Durbin interchange proposals do not belong in the NDAA, and we respectfully urge that they be excluded from any final defense authorization bill.

The NDAA is a must-pass bill vital to our nation's security and to supporting our troops. It should remain focused on defense priorities, not serve as a vehicle for unrelated financial regulations. Attaching the Marshall-Durbin interchange amendment (or any similar interchange fee mandates) to the NDAA is an inappropriate backdoor attempt to push through a divisive policy that has not been properly considered by Congress. This proposal has never received a hearing or committee vote and is widely regarded as a "poison pill" amendment by industry experts. Shoehorning such a contentious banking mandate into a defense authorization bill is a dangerous legislative shortcut that could distract from genuine national security issues. Our servicemembers and their families deserve better than to become collateral damage in a corporate lobbying fight over interchange fees. For these reasons, we urge you to keep these non-germane provisions out of the NDAA and maintain a clean focus on true defense matters.

Harm to Consumers

The Marshall-Durbin interchange amendment would have **negative consequences for everyday consumers.** It would fundamentally alter how credit card transactions are processed by forcing card issuers to route payments through networks chosen by merchants (ostensibly the "cheapest" available), rather than allowing issuers to use secure networks of their choice. This mandated routing would strip away the ability of banks and credit unions to select the most secure and reliable payment networks for their customers, potentially shifting transactions onto less-tested or lower-quality networks – some of which may be under-resourced or even foreign-controlled with weaker fraud protections. We are deeply concerned that this would **increase fraud and cybersecurity risks** for millions of cardholders.

In addition, by upending the current card payment system, the amendment would likely lead to the **elimination or reduction of many popular consumer benefits.** Many Americans enjoy credit card features such as reward points, cash-back rebates, airline miles, zero-fee accounts, and other perks – often subsidized by interchange revenue. If that revenue is slashed, credit card rewards and benefits will dwindle or disappear, and consumers will end up paying more in other ways (for example, through new fees or higher interest rates).

Indeed, we have seen this scenario before. After debit interchange fees were capped by the Durbin Amendment in 2010, consumers saw little to no savings at the checkout. The Federal Reserve found that the vast majority of merchants did **not** pass along interchange savings to customers – about 75% of retailers made no price changes, and roughly one in four **increased** prices instead. At the same time, many banks were forced to cut back on free checking and debit rewards programs to make up for lost revenue. One study found that debit card reward programs essentially vanished for a large portion of consumers after the Durbin controls. Free checking accounts also became far less available, with banks subject to the cap 35% less likely to offer free checking and instead raising monthly fees and balance requirements. We fear the proposed credit card routing mandate would **repeat these failures**, enriching a few large retail chains

while ordinary Americans receive none of the promised price relief. In short, consumers would lose valued benefits and face higher risks, **all without seeing lower prices** at the register.

Impact on Community Banks and Credit Unions

The proposed interchange amendment would also hit **small community-based financial institutions** especially hard. Community banks and credit unions – many of which are themselves small businesses – rely on interchange fee revenue to help cover the costs of offering credit cards, maintaining fraud prevention tools, and funding local lending. If those revenues are artificially squeezed by government mandates, these institutions will face serious economic challenges. Smaller banks and credit unions already operate on thin margins and have limited ability to absorb such a revenue loss. As a result, they could be forced into difficult choices: raising fees on customers, reducing access to credit, or cutting back on the very products and services that local communities depend on. By decreasing the revenue that community lenders use to fund customer benefits and credit availability, the Durbin-Marshall mandate would impair small financial institutions' ability to offer competitive products. This not only harms those institutions, but also the families, small businesses, and neighborhoods they serve.

Furthermore, the proposed amendment would **skew the marketplace in favor of the largest mega-retailers**, who would enjoy lower processing costs, while smaller financial institutions and merchants would be left at a further competitive disadvantage. Such an outcome is the opposite of balanced competition – in effect it is a **wealth transfer** from community-based lenders to a handful of big-box retail giants. We urge you to consider these unintended consequences: limiting interchange revenue would hurt Main Street institutions and could ultimately reduce the availability of credit and financial services in many communities.

Effect on Military Members and Families

Perhaps most troubling, the Marshall-Durbin interchange proposal would undermine financial services for our nation's **servicemembers and veterans.** A number of our member banks and credit unions are devoted to serving military personnel, veterans, and their families – especially through the on-base financial institutions that provide tailored products to those who serve. These institutions reinvest their earnings to offer special benefits for military families. For example, defense credit unions and military banks often provide credit cards with **low interest rates**, **no annual fees**, and robust **rewards programs** that help military households stretch their budgets. They also fund unique programs like deployment-relief loans, debt consolidation plans, financial counseling, and emergency assistance specifically designed for the challenges of military life.

All of these offerings are made possible in part by interchange revenue and by the freedom to choose reliable networks that minimize fraud costs. By drastically cutting interchange revenues and dictating new routing systems, the Marshall-Durbin amendment would directly **threaten these vital programs and benefits.** Smaller on-base credit unions, which already operate on very slim margins, would struggle to absorb the revenue cuts and added compliance burdens. They could be forced to tighten lending standards, lower credit limits, or even discontinue certain

credit products that military families rely on. In practical terms, junior enlisted service members and their spouses – who often face irregular pay, frequent relocations, and deployment-related expenses – might find it harder to obtain **affordable credit** for emergencies, home purchases, or starting a small business.

This outcome is directly at odds with the Department of Defense's emphasis on financial readiness as a component of military readiness. We find it highly inappropriate that a defense bill meant to empower our troops could be hijacked by a policy change that weakens protections and limits credit access for military families. The men and women in uniform **deserve better** than to be put in harm's way financially for the sake of boosting retail profit margins.

Misguided "Commissary Interchange Fee Study" Proposal

In addition to the CCCA interchange provision, we also oppose the newly introduced Marshall-Durbin amendment calling for a "study" on credit and debit card interchange fees at military commissaries and base retail facilities. This commissary-related amendment is a **misguided and cynical proposal** that similarly has no place in the NDAA. Ostensibly, the study is framed as a way to help **honored groups** like Medal of Honor recipients, Purple Heart recipients, disabled veterans, former POWs, and their caregivers by examining the "user fees" they incur when using cards at commissaries. In reality, this is a thinly veiled effort to revive the rejected credit card routing mandate by exploiting our nation's heroes as political cover. It attempts to invoke decorated veterans' interests in order to lend patriotism and urgency to what is fundamentally the same retail-industry wish list. Tying this agenda to the NDAA – a bill meant to support our troops and national defense – is a cynical move that disrespects both the legislative process and the very veterans it purports to help.

Importantly, the premise of the commissary interchange study amendment is **highly misleading.** It implies that disabled veterans and other honored groups are being unfairly charged extra "swipe fees" at commissaries and base stores, when in fact that is not the case. In reality, the Defense Commissary Agency (DeCA) – backed by the U.S. Treasury – has negotiated special interchange rate agreements with card networks for military store transactions. As a result, **it is the federal government (not the individual veteran shopper) that ultimately pays these fees at commissaries and MWR facilities.** Congress itself ensured this outcome when it expanded commissary access to new veteran groups in 2019 – the law explicitly designed any commissary credit card *user fees* to reimburse the Treasury for interchange costs, rather than impose costs on the veterans themselves. Thus, the notion that a new study is needed to calculate or reduce "fees imposed" on wounded warriors and their families is a red herring. Those fees are **already absorbed by the government** in recognition of our heroes' service. Slashing interchange via this amendment would not meaningfully reduce any out-of-pocket costs for military families at the register. Instead, the real impact would be to save money for large merchants or potentially the government's budget, while **undercutting the system of protections and benefits** that current card networks provide to servicemembers. Let's not pretend this is about easing anyone's grocery bill at the base commissary – it is about certain big retail interests trying to pay less to process card payments, even if that means undercutting security and eroding the card rewards that military cardholders rely on.

Beyond its false premise, the proposed study raises serious **privacy concerns.** In order to "study" interchange fees paid by specific categories of veterans, the government would need to gather and analyze transaction data on those individuals' card usage at commissaries. That means accessing **sensitive consumer data** on individual veterans' purchases – a **slippery slope** that current industry rules strictly forbid. Under existing payment network rules and PCI data security standards, merchants and processors are not allowed to retain or use personal cardholder data beyond what is essential to complete transactions. Granular data tying purchases to specific veteran cardholders is not readily available for good reason. For the Department of Defense or any agency to dig into that data, it would likely have to bypass established privacy safeguards and effectively invade the financial privacy of veteran consumers. Authorizing such data snooping on military families' spending habits *via* a last-minute NDAA rider – without any input from financial privacy experts or the relevant committees – is irresponsible and inappropriate. Our wounded warriors and their caregivers should not have to sacrifice their privacy so that a predetermined report can be produced to serve a political agenda.

Moreover, the **outcome of this "study" is preordained** to justify the same interchange regulations that merchants have long lobbied for. The very framing of the amendment presumes that interchange "fees imposed" on veterans are a problem to be solved – and unsurprisingly, the intended conclusion is that cracking down on those fees (i.e. resurrecting the CCCA's price controls and routing mandates) is the solution. This is not an unbiased fact-finding mission; it is advocacy research at best. We suspect that the answer has been decided before the study even begins. Even if interchange fees were slashed as the merchants desire, would military families see any tangible savings? History says **no**. When Congress capped debit card interchange in 2010, retailers enjoyed lower processing costs – but consumers didn't see price reductions at the register. Nothing in this proposed interchange study or the CCCA ensures a different outcome for credit cards; there is no requirement or mechanism to pass savings on to shoppers. In fact, commissaries and exchanges would not be obligated to cut shelf prices or give better terms to veterans if their card processing costs went down. The promised price relief for servicemembers is likely an illusion. Meanwhile, the **real beneficiaries** would be large retail and e-commerce companies looking to pad their profit margins. A coalition of community banks and credit unions has noted that this type of plan would **"solely benefit big-box merchants such as Amazon and Walmart"** while robbing military families of their card rewards and undermining payments security. In other words, Main Street military consumers would get nothing – or even worse, lose existing benefits – while big corporate retailers get a windfall. That outcome is unacceptable, and it is certainly not something Congress should facilitate under the banner of supporting our troops.

Finally, some proponents have floated the idea of avoiding interchange fees at commissaries by having the government or Defense Department issue its own proprietary credit card for veteran shoppers (similar to the military exchanges' **MILITARY STAR** store card). We strongly caution that this would be a **cure worse than the disease.** Government-run or single-store credit card programs operate **outside** the normal regulatory framework that protects consumers. They are not subject to full oversight by the Consumer Financial Protection Bureau, nor bound by all provisions of the Truth in Lending Act or Fair Credit Billing Act that apply to bank-issued cards. As a result, servicemembers who fall behind on a government-administered card face unique and harsh consequences: they could end up effectively owing a debt to the federal government, which can trigger draconian collection tools such as the Treasury Offset Program (garnishing tax

refunds or other federal payments). No private credit card company has the power to sic the U.S. Treasury on a cardholder to collect an overdue grocery bill – but a government-issued commissary card could do exactly that. Additionally, in-house military cards can pile on fees and interest charges without the same market pressures or regulatory caps that banks and credit unions adhere to. While these programs might tout lower APRs initially, nothing prevents rates or penalties from climbing, and users would have **limited recourse** to independent regulators or courts if disputes arise. In short, pushing military shoppers onto a special government-run card to sidestep interchange is **not** a consumer-friendly solution – it would move our veterans into an unregulated credit system with fewer protections and potentially harsher outcomes. This is completely at odds with protecting the financial well-being of military families.

Keep Exploitation Out of the NDAA. Our men and women in uniform – especially those who have earned honors through blood and sacrifice – **deserve better** than to be used as bargaining chips in a retailer-led crusade against interchange fees. Attaching an interchange study under the guise of helping veterans, or any interchange price control amendment, to the NDAA is an exploitation of our heroes that must be rejected. These proposals will not reduce grocery prices for military families, will not enhance their benefits or financial security, and will not respect their privacy. What they *will* do is hand a victory to powerful lobbyists at the expense of those who have served. Such measures have no place in the NDAA or any must-pass defense legislation. We urge Congress to see through this façade and **keep the focus of the NDAA where it belongs** – on strengthening national defense and supporting our troops – not on advancing unrelated financial agendas that undermine the very people our defense community exists to serve.

In Summary

Our associations firmly believe that **neither** the Marshall-Durbin interchange amendment nor the commissary interchange fee study provision has any place in the NDAA. These measures would undermine consumers' financial benefits, place new burdens on community banks and credit unions, and jeopardize critical financial services for military families – all **without delivering meaningful savings or benefits** to the public. They are divisive, stand-alone banking policy changes that should be considered on their own merits (if at all), **not** tacked onto a defense authorization bill that is essential to our national security. We therefore urge you in the strongest possible terms to reject and **exclude these interchange proposals** from the final NDAA. By doing so, Congress will ensure that the NDAA remains focused on its true mission of supporting our nation's defense and service members, without imposing harmful unintended consequences on Americans' financial well-being.

Thank you for your consideration of our views and for your leadership on behalf of our armed forces and communities. Our organizations remain ready to work with you on **real solutions** to enhance competition and protect consumers – solutions that do not undermine consumers, small institutions, or military families. Please do not hesitate to reach out if we can provide further information. We appreciate your attention to this critical matter and ask that you stand with us in **opposing the Marshall-Durbin interchange amendments in the NDAA**.

Sincerely,

(Signatures of the undersigned national banking and credit union trade associations)

American Bankers Association

America's Credit Unions

Association of Military Banks of America

Bank Policy Institute

Consumer Bankers Association

Defense Credit Union Council

Electronic Payments Coalition

Independent Community Bankers of America