

## Member Call to Action Regarding Interchange Rates

**Recently the United States Senate passed the Financial Services Reform bill and sent it to a conference committee.** This committee will work to iron out differences between the House and the Senate version of the legislation. While financial reform to our system is important, there are still parts of this legislation which will negatively affect credit unions and their members. Specifically, an amendment that would place a government imposed cap on the amount merchants pay to support the system that allows consumers to use their debit card at retail and other establishments.

For credit unions, interchange provides the income needed to run debit and credit card programs. Credit unions assume the risk for many aspects of their card programs, such as fraud and data security. The merchants assume none of these liabilities. Contrast this to the day when checks were the most frequently used form of payment. Merchants were left holding the bag for bounced checks. Today, with credit and debit cards, merchants have little to worry about, and they get paid immediately. When financial data is compromised it is not the merchant that bears the cost of replacing cards, it is the financial institution.

Credit unions do not set the interchange rate. However, if the rate becomes too low credit unions will be forced to either discontinue offering card services or impose other fees to cover costs. Small merchants like credit union are caught up in a much bigger game. The merchants' coalition is being headed up by the big box merchants who stand to gain a windfall with reduced rates.

We are asking you to take a moment to write to your member of congress about the interchange amendment and stress the importance of **removing the interchange amendment language from the final Financial Reform bill.** [Click here](#) to send a letter to your elected official.