

Durbin challenges Visa's new fee that diminishes competition

June 7 2016 1:20 PM



Letter sent as House Republicans unveil bill to dismantle Wall Street Reform legislation and repeal Durbin amendment that has boosted card network competition

– U.S. Senator Dick Durbin (D-IL) today called on Visa to defend a new fee that imposes a significant penalty on credit and debit card issuers – often small banks and retailers – that see their business shift from Visa to competing card networks. The Delayed De-Conversion Assessment fee applies a charge of 5 basis points to the Visa payment volume of any card issuer that has experienced a material decline in Visa

payment volume or the number of issued Visa cards or has demonstrated its intent to change its card network affiliation.

“This new fee has arisen at a time when some are calling for a repeal of the amendment I authored to the Dodd-Frank Wall Street Reform and Consumer Protection Act. Advocates of repeal want to return to the pre-amendment days when the dominant card networks and their big bank allies set the fees and rules for the electronic payments system without regulatory oversight,” wrote Durbin. “My amendment has worked to enhance competition between card networks and preserve the ability of small banks and credit unions to compete fairly in the card issuance market. Visa’s new fee could diminish competition between networks and penalize small bank and credit union issuers.”

Earlier today, the Chairman of the House Financial Services Committee unveiled [legislation to repeal much of the Dodd-Frank Wall Street Reform and Consumer Protection Act.](#)

“Visa’s new fee shows that the need for reasonable regulation to ensure transparency, competition and choice in the electronic payments system has not diminished,” Durbin continued in his letter. “Continued vigilance by Congress and regulators is necessary to help ensure that the credit and debit card systems operate fairly for all Americans, including retailers and their customers.”