



The Effects of Debit Card Price Controls on Community Banks and Their Customers

- Oct. 1 was the effective date for the Federal Reserve's rule implementing the harmful Durbin debit card interchange price controls in the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- From the onset of the ill-conceived Durbin amendment on debit card interchange, ICBA and community banks across the country warned policymakers that the legislation would cost consumers more, at a time when they need their money most.
- Now that the Oct. 1 deadline has passed, we are seeing the harmful consequences play out as many consumers are incurring banking fees at the nation's largest banks because they use a debit card, which allows them to easily budget their money and conveniently pay for the things they purchase.
- Even though merchants said they would cut prices thanks to increased fee revenue received from the new debit interchange law, it's unlikely this extra revenue will be passed down to the consumer in the form of savings. If they do cut costs, any savings will be dwarfed by the bank fees that consumers will now pay for debit card usage.
- Community banks with less than \$10 billion in assets may be exempt from the new law and regulation capping interchange fees at approximately 24 cents for a \$39 transaction, but they will almost certainly see a decrease in revenue over time as merchants and payment card networks implement the rule.