

Financial Services Reform Bill will have unintended consequences for credit unions

Help weigh in with your Senator

What is the Interchange Provision in the Financial Services Reform bill?

The interchange provision amendment would place a government imposed cap on the amount merchants pay to support the system that allows consumers to use their debit/credit card at retail and other establishments.

What is Interchange?

Interchange is the fee paid by the merchant to whichever financial institution issues the debit/credit card being used in a purchase. The income received from interchange fees allows us to run our debit/credit card programs at no cost to our members.

Why is Interchange necessary?

There is a level of risk involved with running our card program – risks such as fraud and data security. The fees we receive from interchange cover the costs of these risks. Merchants assume no liabilities by accepting debit and credit cards as payment, and they get paid immediately. When financial data is compromised it is not the merchant that bears the cost of replacing cards, it's the credit union. Like electricity or rent, interchange is a cost a merchant pays for doing business.

How could changing the rates impact our members?

We do not set the interchange rate. If the interchange rate is set too low, our credit union could be forced to discontinue our card programs or be forced to charge fees to cover the costs of running these card programs.

What can you do to help?

Write a letter to your Senator asking them to remove the interchange amendment from the final Financial Services Reform bill before June 15th.

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Someone Else's Tab.**

Theirs.

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Action**

