

February 7, 2017

**An Open Letter to House Financial Services:  
Repeal the Durbin Amendment**

Dear Chairman Hensarling,

On behalf of the undersigned free market organizations and taxpayer advocates, we write to urge you to maintain the provision that repeals the Federal Reserve's price fixing for interchange fees from debit card purchases—also known as the "Durbin Amendment"—in the Financial CHOICE Act moving forward. The federal government should never be in the business of price-setting, a function better performed by the market. The Financial CHOICE Act seeks to undo some of the Dodd-Frank Act's most damaging regulations, and repealing the Durbin Amendment must remain a high priority.

We know the debate over the Durbin Amendment pits retailers against debit card issuers. But we think one should not focus on choosing between interested parties, but focus on principle: it is the market, *not* the Federal Reserve or any other bureaucracy, which should set the price of a service. Government intervention would only be justified in the case of collusion amongst network platforms, a matter, in any such event, for the courts.

Durbin Amendment advocates, of course, claim the regulation aids consumers by lowering retail prices. Their reasoning runs something like this: if stores are able to pay less to accept debit cards, this savings will be passed on to consumers. But a 2014 study by George Mason University found the promised price drop never materialized. Meanwhile, as banks were forced to accept less than market rates for debit interchange fees, margins shrank, forcing a reduction in benefits for bank customers. In the aftermath of Durbin Amendment passage, consumers saw a reduction in free checking offerings and debit card reward offerings. In sum, in contrast to the promises, the Durbin Amendment has come at the expense of consumers rather than a helping them, just as we would expect when bureaucracy replaces competition.

The burdensome costs of the Durbin Amendment, like so many other ill-conceived regulations born of Dodd-Frank, have become fully clear with the passage of time. This gives the 115<sup>th</sup> Congress a crucial opportunity to enact reform of the plethora of anti-market regulations promulgated over the last eight years and move forward with pro-growth policies. We therefore urge you to keep the provision repealing the Durbin Amendment in the new version of the bill.

Sincerely,

Lori Sanders, R Street Institute  
Phil Kerpen, American Commitment  
Grover Norquist, Americans for Tax Reform  
Norm Singleton, Campaign for Liberty  
Iain Murray, Competitive Enterprise Institute  
Adam Brandon, FreedomWorks  
Seton Motley, Less Government  
Pete Sepp, National Taxpayers Union  
David Williams, Taxpayers Protection Alliance



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