

To: EFTA Members

From: Kurt Helwig, President & CEO
Dennis Ambach, Legislative & Regulatory Council Chairman

Date: May 14, 2010

Re: Senate Approves Durbin Interchange Amendment

Last night, the Senate approved the Durbin Interchange amendment by a 64-33 margin.

On Monday, Sen. Durbin filed a new amendment (#3989) combining his two previous proposals (#3769 and #3771). This amendment increased the exemption for issuers with assets of less than 10 billion dollars (up from one billion). Again, the Federal Reserve Board rulemaking would only apply to debit card interchange fees. The amendment continues to:

- require the Federal Reserve Board to establish rules to ensure that interchange fees are “reasonable and proportional” to the cost of processing a transaction
- give merchants the authority to set minimum limits for purchases
- allow retailers to incentivize customers to use the network offering a lower interchange rate

The Senate is likely to finish consideration of S. 3217 in the coming days. Should the Senate pass the bill (which appears likely at this point) it will have to reconcile its version with the House-passed financial regulatory reform (H.R. 4173) passed last December.

You may recall that HR 4173 was passed without any reference to interchange. As such, the House must either agree to accept Senator Durbin’s amendment, modify it, or insist that it be dropped from the final legislation.