



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
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The Honorable Mike Rogers – Chairman, House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Adam Smith – Ranking Member, House Armed Services Committee
2216 Rayburn House Office Building
Washington, DC 20515

The Honorable Roger Wicker – Chairman, Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20510

The Honorable Jack Reed – Ranking Member, Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20510

Re: Strong Opposition to Inclusion of Durbin-Marshall Interchange Amendments in the FY2026 NDAA

Dear Chairman Rogers, Ranking Member Smith, Chairman Wicker, and Ranking Member Reed:

On behalf of the Defense Credit Union Council (DCUC) – representing more than 200 defense-affiliated credit unions and over 40 million members, including active-duty servicemembers, Guard and Reserve members, veterans, Department of Defense civilians, and military families – I write to express our **strong opposition** to the inclusion of the Durbin-Marshall interchange provisions in the Fiscal Year 2026 National Defense Authorization Act (NDAA). These controversial provisions – specifically the **Credit Card Competition Act** (often referred to as the Durbin-Marshall interchange amendment) and a related “**commissary interchange fee**” study – are **unrelated to national defense** and would have severe unintended consequences if added to the NDAA. We are deeply concerned that these measures would **harm consumers, disadvantage small financial institutions, and even jeopardize financial security for military families**. Moreover, shoehorning such contentious banking policy into a defense bill is a “*dangerous legislative shortcut*” that risks making our servicemembers and their families “**collateral damage in a corporate lobbying fight over interchange fees,**” as one coalition letter aptly warned. The NDAA must remain focused on our nation’s security and troop readiness, not serve as a vehicle for unrelated financial regulations that primarily benefit large retail corporations at the expense of those who serve. We urge you to **reject these non-germane interchange amendments** and keep the NDAA centered on its true mission.

To underscore why these provisions are so harmful, we wish to highlight the following concerns:

Harm to Consumers: By imposing government mandates on how credit card transactions are routed, the Durbin-Marshall proposal would upend the current payments system and likely force transactions onto less secure or lower-quality networks – potentially increasing fraud and cybersecurity risks. It would also **slash the interchange revenue** that today funds many popular consumer benefits. Millions of Americans enjoy

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credit card rewards points, cash-back rebates, travel miles, zero-liability fraud protection, and other perks **subsidized by interchange income**. If that revenue is cut, those benefits will dwindle or disappear, and **consumers will end up paying more in other ways** (for example, through new fees or higher interest rates). We have seen this scenario before: after debit card interchange fees were capped by the Durbin Amendment in 2010, **consumers saw little to no savings at checkout**. In fact, the Federal Reserve found that about **75% of merchants made no price changes and 1 in 4 increased prices**, rather than passing along any savings to customers. At the same time, many banks and credit unions were forced to scale back customer perks – free checking accounts became far less available and debit rewards programs largely vanished – as they struggled to offset the lost revenue. In short, the promised benefits to consumers never materialized, while customers lost services. We fear the proposed credit card routing mandate would **repeat these failures**, enriching a few big retailers while everyday Americans receive no cost relief. It is telling that nothing in the Credit Card Competition Act compels mega-retailers to lower their prices; history suggests any interchange savings would pad profit margins, not consumers' wallets. Thus, this amendment would ultimately **hurt consumers** – providing fewer protections and rewards but potentially higher costs – in direct contradiction to its proponents' claims.

Damage to Community Financial Institutions: The Durbin-Marshall interchange provisions would hit **community-based lenders** – like credit unions and small banks – the hardest. Interchange revenue is a vital source of funding that enables these institutions to offer affordable credit products, invest in robust fraud prevention, and maintain low fees for their members. **Artificially capping or cutting this revenue stream will strain smaller financial institutions**, which operate on thin margins and lack the economies of scale of the largest banks. They would face **difficult choices**: raising fees on their members, tightening credit access, or cutting back on services and product offerings. In effect, the proposal would **transfer income away from local credit unions and community banks and into the coffers of the largest retail chains**. This is the opposite of fair competition – it's a one-sided benefit for giant retailers like Amazon and Walmart, financed by **diminishing the resources of Main Street lenders and their customers**. Indeed, an interchange mandate of this kind would skew the marketplace in favor of big-box merchants, while smaller financial institutions struggle to absorb the losses. With reduced interchange income, many credit unions and community banks may have to curtail things like free accounts, lower-cost loans, or credit card programs that are especially important to modest-income consumers. They could also be forced to **tighten lending standards or offer lower credit limits**, making it **more difficult for families (including military families) to obtain affordable credit**. Far from fostering competition, the Durbin-Marshall amendment would undermine the competitive viability of community-based institutions and **leave consumers worse off** in terms of choices and costs. We urge you to consider these **unintended consequences** on community lenders and reject any policy that would **privilege a handful of large retailers at the expense of local financial providers**.

Risks to Military Members and Families: Perhaps most troubling, this interchange proposal would directly **undermine financial services for our nation's servicemembers and veterans** – eroding a key pillar of military financial readiness. A number of DCUC's member credit unions and banks are **dedicated to serving military communities**, often as the **only regulated financial institution on base**. These institutions reinvest their earnings to provide **special benefits tailored for military families**. For example, **defense credit unions frequently offer credit cards with low interest rates, no annual fees, and robust rewards programs** that help military households stretch their budgets. Many also fund **unique relief programs** – such as deployment loans, emergency assistance grants, financial counseling, and debt consolidation plans – specifically designed for the challenges of military life. All of these offerings are made possible in part by interchange revenue and by the freedom to choose the most secure, cost-effective payment networks for their members' transactions.

Drastically cutting interchange income and stripping away network choice would directly threaten these vital programs and benefits. Smaller on-base credit unions, which already operate on very slim margins, would struggle to absorb the revenue loss and new compliance burdens; they could be forced to **reduce rewards, raise rates or fees, tighten lending standards, or even discontinue certain credit products** that military families rely on. In practical terms, junior enlisted service members and their spouses might find it harder to get an affordable credit card or personal loan for emergencies, education, or starting a small business – needs that defense credit unions currently strive to meet. This outcome is directly at odds with the Department of Defense’s own emphasis on **financial readiness as a pillar of military readiness**. Military leaders have long recognized that personal financial stability is mission-critical; financial stress can degrade focus, morale, and even security clearances. It is inconceivable that the NDAA – legislation intended to support our troops – would be hijacked by a policy change that **weakens financial protections and credit access for those very troops**. Yet that is exactly what the Credit Card Competition Act rider would do. By squeezing the not-for-profit institutions that serve our military, this amendment would **undercut the financial resilience of military families and jeopardize programs that directly support servicemembers’ well-being and readiness**. Our men and women in uniform deserve better than to become collateral damage in a retailer-driven interchange crusade.

Misguided and Exploitative Commissary Fee Study: In addition to the CCCA, we also urge you to reject the proposed “study” of interchange fees at military commissaries and base exchanges. This amendment is, in truth, a backdoor attempt to advance the same interchange agenda under the guise of helping veterans. Its supporters have tried to invoke the plight of disabled veterans and other honored groups to justify examining “swipe fees” on base – but this premise is **highly misleading**. The implication is that wounded warriors and their families are being unfairly charged extra fees when they use credit or debit cards at commissaries. **In fact, that is not the case at all.** The Defense Commissary Agency (DeCA), with backing from the U.S. Treasury, **already negotiates special interchange rate agreements** with card networks for military stores. As a result, **the federal government – not the individual veteran shopper – ultimately covers the cost of these fees** at commissaries and Morale, Welfare and Recreation (MWR) facilities. Congress itself ensured this outcome when it expanded commissary access to additional veteran groups in 2019 – the law explicitly directed that any credit card “user fees” at commissaries be reimbursed to the Treasury, rather than imposed on veterans. In other words, **veterans and military families are not paying extra at the register due to interchange**. Thus, the notion that we need a new “study” to calculate or mitigate fees on disabled veterans’ grocery purchases is a **red herring**. Those fees are already absorbed by the government in recognition of our heroes’ service. Slashing interchange via this amendment would **not** meaningfully reduce any out-of-pocket costs for military families; instead, its real effect would be to hand a financial windfall to large retailers (or marginally improve the government’s balance sheet) ****while undercutting the security and benefits of the payment systems military patrons use**. Let’s be clear: this push isn’t about easing anyone’s grocery bill – it’s about certain big retail interests trying to pay less to process card payments, even if that means eroding the fraud protections and card rewards that military cardholders depend on.

Furthermore, pursuing such a study raises other alarms. Implementing it would likely require DoD or Treasury to **gather and analyze detailed transaction data on specific categories of military shoppers** (e.g. disabled veterans) to compute the “fees” they ostensibly incur. This would be an invasive and unnecessary foray into the personal spending data of servicemembers and veterans – a troubling step given the lack of any real benefit to those individuals. We should not set a precedent of compromising the privacy of military families for a dubious study whose conclusions are preordained to justify price controls. Some proponents have even floated an idea to eliminate interchange at commissaries by having the **government issue its own proprietary credit card for veteran shoppers** (similar to the military exchanges’ “Military Star” store card).

We strongly caution that this would be a **cure worse than the disease**. A government-run or single-merchant credit program would operate **outside the normal consumer protection framework** – not subject to full Consumer Financial Protection Bureau oversight, nor to all the Truth in Lending Act and Fair Credit Billing Act provisions that apply to bank-issued cards. As a result, if servicemembers or veterans fell behind on payments, they could end up effectively owing a debt to the federal government, triggering **draconian collection tools** such as the Treasury Offset Program (which can garnish tax refunds or other government payments). In short, the supposed “solutions” being suggested to avoid interchange fees at military stores would put military consumers in a far worse position, stripping away rights and remedies they currently have and potentially ensnaring them in new financial pitfalls. This idea underscores how misguided the entire interchange effort is when applied to the military context.

In summary, these **interchange amendments have no place in the NDAA**. They are **divisive, standalone banking policy changes** that should be considered (if at all) in the regular order of financial legislation – **not tacked onto a must-pass defense authorization bill** that is critical to our national security. Using the NDAA to advance an agenda from the retail lobby is an **exploitation of our servicemembers and veterans, dressed up as reform**. Our servicemembers, veterans, and their families **deserve better than to be used as leverage in a retailer-led crusade over interchange fees**. We urge you, as House and Senate Armed Services Committee leaders, to **firmly reject both the Credit Card Competition Act provision and the commissary interchange study provision** in your final FY2026 NDAA deliberations. By doing so, you will keep the NDAA focused on its true mission – **protecting our national security and supporting our troops** – and avoid inflicting harmful unintended consequences on the financial well-being of millions of Americans.

Thank you for your consideration and for your continued leadership in support of our nation’s armed forces. **America’s defense credit unions stand ready to support you** in crafting policies that genuinely help servicemembers and their families. We welcome the opportunity to further discuss these issues or provide any additional information you may need. Please do not hesitate to contact us with questions.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the Committee