



DCUC
DEFENSE CREDIT UNION COUNCIL

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Jason Stverak
Chief Advocacy Officer

May 1, 2026

Hon. Carlos J. Méndez
President, House of Representatives

Hon. Héctor Ferrer
Minority Leader, PPD
House of Representatives

Hon. Yashira Lebrón
Vice President, House of Representatives

Hon. José E. Torres Zamora
Majority Leader, PNP
House of Representatives

VIA EMAIL

Re: PR H1216

Dear President Méndez, Leader Ferrer, Vice President Lebrón, and Leader Torres Zamora:

On behalf of the Defense Credit Union Council (DCUC), which represents credit unions serving active-duty military, veterans, and their families worldwide, I write to express our strong concerns with PR H1216 and its potential impact on consumers, small businesses, and financial institutions operating in Puerto Rico. DCUC is the trusted resource for credit unions serving military and veteran communities in the United States, including Puerto Rico, and abroad. We represent more than 200 credit unions with more than 40 million memberships and more than \$525 billion in assets. Our member institutions work directly with servicemembers, veterans, military families, survivors, and caregivers.

Defense credit unions play a critical role in supporting financial readiness and stability for servicemembers and their families, including many who live in or travel to Puerto Rico. Like the broader payments ecosystem described in your record, this system depends on a consistent, secure, and efficient electronic payments infrastructure that enables billions in economic activity annually.

PR H1216 would disrupt that system by excluding taxes and gratuities from interchange fees on electronic transactions. While well-intentioned, this approach introduces a fundamentally unworkable framework that would create significant operational challenges, increase compliance burdens, and ultimately harm the very consumers and small businesses it seeks to protect.

From DCUC's perspective, several concerns are paramount:

Serving Those Who Serve Our Country

First, the proposal creates **structural inequities within the financial services marketplace**. Policies that selectively alter interchange economics distort competition and disproportionately impact credit unions, particularly those serving niche populations like the military community. Credit unions lack the scale and diversified revenue streams of large financial institutions, making them more vulnerable to abrupt policy shifts.

Second, PR H1216 would **introduce fragmentation into the payments system**. The global electronic payments infrastructure is not designed to accommodate jurisdiction-specific carveouts for components like taxes and gratuities. Such inconsistencies would require complex system redesigns, create transaction uncertainty, and increase the likelihood of declined transactions or restricted card usage in Puerto Rico.

Third, the proposal risks **shifting costs rather than eliminating them**. Financial institutions remain responsible for fraud protection, credit risk, transaction processing, and consumer benefits such as rewards programs. Removing interchange on portions of transactions does not eliminate these costs—it redistributes them. In practice, this could lead to higher fees, reduced services, or diminished access to affordable credit, particularly for underserved communities.

Fourth, the legislation would likely **disproportionately benefit large retailers while placing additional burdens on small businesses and consumers**. As seen in similar proposals nationwide, the largest merchants are best positioned to absorb or capitalize on such changes, while smaller merchants face operational complexity and consumers face confusion at the point of sale.

Finally, for defense credit unions, these disruptions carry an additional layer of concern: **financial readiness for servicemembers**. Reliable, predictable access to electronic payments is essential for military families, especially those stationed abroad or in transition. Any policy that introduces friction or uncertainty into that system directly or impacts mission readiness and household financial stability.

For military families, financial stability is not a side issue; it is part of mission readiness. DoD policy expressly links financial readiness to readiness, retention, and resiliency, and the latest DoD report to Congress found that only 55% of active-component members described their finances as comfortable, while 19% said they were not comfortable. Among junior enlisted, only 47% reported a comfortable financial condition. DoD's food-security data show how thin the margin already is: 54% of members reporting "some difficulty" and 75% of those "not comfortable" were food insecure. **When policies reduce the resources available to community institutions serving the military, the burden falls on households that are already closest to financial hardship.**

The retention consequences are equally serious. The 2024 Active-Duty Spouse Survey found that a low spouse financial-well-being score increased the odds that a spouse would support leaving the military by 67%, while a not-comfortable financial condition increased those odds by 54%. The same survey found that recent deployment increased spousal stress by 13% and support for leaving by 17%. Earlier Office of People Analytics research found that each one-point increase in spousal support to stay nearly doubled the odds of actual retention two years later. In other words, financial pressure on military households is not merely a consumer-finance concern; it is a documented force-retention risk.

Military households are also uniquely exposed to move-related and debt-related risks. The 2024 spouse survey found that PCS moves increased the odds of low spouse financial well-being by 26%, and needing a new professional license or certification after a move increased those odds by 30%; GAO has separately found that unclear PCS reimbursement timelines already create confusion. DoD policy also expects service members to pay their just debts, and official clearance guidance warns that failure to live within one's means or satisfy obligations can reflect poor judgment. During moves, deployments, and reimbursement delays, even modest new frictions in payment access, fraud-response capacity, or account terms can compound into readiness, hardship, and potential clearance problems.

For these reasons, DCUC respectfully opposes PR H1216.

We welcome the opportunity to engage with you and your staff to discuss these concerns in greater detail and to work collaboratively on policies that support consumers while preserving a secure, efficient, and equitable payments system.

Please contact me at Jason.Stverak@dcuc.org with any questions about DCUC's comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal flourish extending to the right.

Jason Stverak
Chief Advocacy Officer
DCUC