tl;dr – Impact of the Durbin Amendment's Cap on Interchange Fees
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Background… The Dodd-Frank Act of 2010 set price controls for debit-card interchange fees charged by banks with more than $10 billion in assets. Known colloquially as the "Durbin Amendment" after Sen. Dick Durbin, who sponsored the original proposal, the provision was supposed to cut costs for customers and merchants by cutting the interchange fees charged by large banks roughly in half.

But… Covered banks and credit unions have recouped these losses by eliminating free checking accounts, raising minimum balance requirements, and charging higher maintenance fees. While retailers have seen cost reductions as a result of the Durbin Amendment, there is little evidence those savings have been passed on to consumers.

However… In recent years, some lawmakers have signaled interest in limiting interchange fees on credit-card transactions, as well. Some elements of the retail sector likewise sought a cap on credit card interchange fees as part of COVID-19 relief legislation in 2020. Sen. Durbin himself also recently suggested the Durbin Amendment's cap on interchange fees should be extended to credit cards. The predictable result would be a reduction in credit and rewards programs made available to consumers.

Read the full explainer here.

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