

News Now

NEW: Senators introduce interchange delay, study legislation

WASHINGTON (UPDATED: 12:30 P.M. ET, 3/15/11)—Legislation that would void the Federal Reserve's proposed debit interchange rule and extend the rulemaking timeline and effective date by two years was offered in the Senate earlier today.

The legislation would also require the Federal Reserve, the National Credit Union Administration (NCUA), the Federal Deposit Insurance Corp. (FDIC) and the Office of the Comptroller of the Currency to submit a study on the impact of any proposed interchange rule changes to the Senate Banking Committee and the House Financial Services Committee. The study would address the impact of the rules on credit unions and other debit card issuers, merchants, and consumers.

The legislation (S. 575) was introduced by Sen. Jon Tester (D-Mont.) and is co-sponsored by Sens. Bob Corker (R-Tenn.), Jon Kyl (R-Ariz.), Ben Nelson (D-Nev.), Tom Carper (D-Del.), Pat Roberts (R-Kan.), Chris Coons (D-Del.), Mike Lee (R-Utah) and Pat Toomey (R-Penn.).

Tester in a release said that "the stakes are simply too high to move forward with this rule without a closer look at the impact on consumers, credit unions, community banks, and the small businesses and jobs they sustain. That is why we need to make sure we stop and study these proposed rules before implementing anything."

The Credit Union National Association (CUNA) urged the Senate to support Tester's bill, saying it would provide adequate time to determine how best to address the concerns surrounding debit interchange while allowing small issuers to continue providing beneficial debit card programs and services without being harmed.

The interchange provisions, which are scheduled to be made final in April and could become effective in late July, could lower the amount of transaction fees charged to seven cents per card swipe. CUNA has repeatedly suggested that the Fed should work with Congress to delay interchange regulation implementation to allow more time for consideration of how the interchange regulations would impact credit unions, as well as consumers.

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