



May 2, 2022

The Honorable Dick Durbin
Chairman
Senate Committee on the Judiciary
SH-711, Hart Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Senate Committee on the Judiciary
SH-135, Hart Senate Office Building
Washington, DC 20510

BOARD OF DIRECTORS

Victor Arias

Carlos A. Becerra

Carmen Castillo

Jessica Cavazos

Ernie C'De Baca

Yuri Cunza

Reuben Franco

Regina Heyward

Juan Carlos Liscano

Rachel Kutz

Betty Manetta

Monika Mantilla

Mayra Pineda

Jacquelyn Puente

Nelson Reyneri

Christine Rice

Alice Rodriguez

Jennifer Rodriguez

Raul Salinas

Yammel Sánchez-Ocaña

Rosa Santana

Ramiro A. Cavazos
President & CEO

Dear Chairman Durbin and Ranking Member Grassley,

On behalf of the United States Hispanic Chamber of Commerce (USHCC) and our Board of Directors, we want to reach out to you regarding proposed legislation that seeks to indirectly cap credit interchange via routing mandates on payment networks, small banks, and credit unions.

The USHCC actively promotes the economic growth, development, and interests of more than five million Hispanic-owned businesses that, combined, contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 260 local Hispanic chambers of commerce.

Since March 2020, electronic payments have become the lifeline of commerce. Online commerce had to respond drastically to COVID-19 protocols and nearly doubled during the unprecedented global pandemic. This rapid expansion was necessary, and merchants, both large and small, banks, credit unions, processors, and payment networks all played a crucial role.

We understand the need to regulate bad actors and provide sensible rules of the road for the financial services sector. However, we urge you to carefully consider the unintended consequences of extending Dodd-Frank's routing requirements from debit cards to credit cards. We believe this extension could disproportionately harm small and minority-owned financial institutions and millions of Hispanic American consumers. We believe the cost of this regulation will only increase the cost of credit, which will impact marginalized consumers the most.

Specifically, extending routing requirements to credit will move billions of dollars away from financial institutions and consumers. We saw this with debit controls more than a decade ago. According to University of Pennsylvania's Professor, Natasha Sarin, who is now at the U.S. Department of the Treasury, and Georgetown's Professor Vladimir Mukharlyamov, "We find little evidence of across-the-board consumer savings. Our analysis suggests that consumers are not helped by this interchange regulation." More than a dozen studies from the U.S. Federal Reserve, Government Accountability Office, and Harvard University have come to the same conclusion that interchange regulation hurts consumers and small-minority financial institutions.

Furthermore, we believe the original routing mandates negatively impacted Hispanic consumers. Roughly two million Hispanic small businesses saw price increases as a result of the original regulation. The regulation on debit interchange caused cuts in other areas, including a reduction in free checking accounts, higher transaction fees, and barriers to banking account access. If these regulations are mirrored on the credit market, we have no doubt that marginalized Hispanic borrowers will be negatively impacted. Moreover, billions of dollars in new regulatory costs will raise the cost of credit, hurting Hispanic consumers and businesses disproportionately.



Thank you for your service and partnership in supporting America's Hispanic and minority owned businesses as well as the more than 63.5 million Latinos/as living in America. If you have any questions, please do not hesitate to reach out to C. LeRoy Cavazos-Reyna, Vice President of Government and International Affairs via phone at 956-844-9628 or email at LCavazos@ushcc.com. We commend this committee's work to examine the payments industry and look forward to a positive outcome on this important legislative matter

Respectfully,

Ramiro A. Cavazos
President & CEO
U.S. Hispanic Chamber of Commerce

CC: The Honorable Marsha Blackburn
The Honorable Dick Blumenthal
The Honorable Cory Booker
The Honorable John Cornyn
The Honorable Tom Cotton
The Honorable Chris Coons
The Honorable Ted Cruz
The Honorable Dianne Feinstein
The Honorable Lindsey Graham
The Honorable Josh Hawley
The Honorable Mazie Hirono
The Honorable John Kennedy
The Honorable Amy Klobuchar
The Honorable Patrick Leahy
The Honorable Mike Lee
The Honorable Jon Ossoff
The Honorable Ben Sasse
The Honorable Alex Padilla
The Honorable Thom Tillis
The Honorable Sheldon Whitehouse
The Honorable Raul Ruiz, Congressional Hispanic Caucus (CHC)