



Armed Forces Marketing Council

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September 15, 2023

The Honorable Richard J. Durbin
United States Senate
Washington, DC 20510

Dear Senator Durbin,

On behalf of the member companies of the Armed Forces Marketing Council, I want to offer our sincere appreciation for your efforts to curb the uncontrollable costs of credit card interchange fees by sponsoring S. 1838, the Credit Card Competition Act of 2023.

Our particular concern about interchange fees is the adverse impact the fees have on the pocketbooks and the quality of life of military families through the military exchange systems.

The military exchanges provide a non-pay compensation benefit to military families and support military families' financial readiness by offering name brand products at an average savings of over 20%. Additionally, the profits generated by the military exchanges are given back to the military community through dividends that support quality of life programs on military bases.

Currently, the four military exchange systems - Army-Air Force Exchange System, Navy Exchange Command, the Marine Corps Exchange and Coast Guard Exchange - are paying over \$120 million per year combined in interchange fees. Interchange fees continue to be the fastest growing uncontrollable expense to the military exchange systems. This has been exacerbated by inflation. Due to the interchange fees being set as a percent of the transaction, it has resulted in inflation on top of inflation, further eroding quality of life benefits for military families.

As interchange fees continue to increase, the military exchange systems must either absorb the costs, thus reducing the dividends that support essential military quality of life programs, or they must pass the cost of the fees on to the military family by raising prices. Either way, military families lose because of interchange fees.

The Credit Card Competition Act will bring long-overdue competition to the credit card marketplace by creating a choice for the processing of credit card purchases, reducing the adverse impact that interchange fees are having on the pocketbooks and quality of life of military families.

We are hopeful that you will be successful in the passage of S. 1838. Please let us know how we can be of further assistance in this effort.

Sincerely,

Tom Gordy
President