



June 28, 2010

The Honorable Mike Ross
U.S. House of Representatives
2436 Rayburn HOB
Washington, D.C. 20515

Dear Congressman Ross,

When the House considers the Dodd-Frank Wall Street Reform and Consumer Protection Act conference report, the Arkansas Credit Union League and the Arkansas Bankers Association respectfully ask that you vote against this legislation.

There have been many opportunities for members of Congress to stand up for traditional banks and credit unions. However, over and over again actions were taken that will negatively impact both industries, as well as the customers and members they serve. The members we represent did not make toxic subprime loans, and they do not engage in credit default swaps. They serve their communities and try to make credit available to consumers and businesses despite this very difficult economy.

The conference report, while intended to go after the "bad actors," will place burdens on credit unions and traditional banks that will ultimately lead to less credit availability for Arkansans. For example, the conference report contains a provision that would limit the interchange fees on debit cards to the cost of the specific transactions. This amendment, which had nothing to do with financial regulatory restructuring, has been falsely presented as benefiting consumers. In reality, the beneficiaries of this provision are the retailers, who extract great benefits from debit cards, such as reduced personnel and fraud costs, but will no longer have to pay to support these benefits. The losers will be consumers, credit unions and traditional banks. Low income consumers will be particularly hurt, as funds used to support basic accounts and other services will not be available.

Furthermore, the interchange section of this legislation can only be characterized as price setting: an act that is often considered as bad as the illegal activity of price fixing. The interchange amendment directs the Federal Reserve to establish rates for debit card interchange, dictating what the Fed can and cannot consider in doing so. Such blatant price-setting of contract terms in a business-to-business transaction is in direct conflict with free market principles. It is also unnecessary given the highly competitive nature of the marketplace.

You have the opportunity to stand up for Arkansas' consumers, credit unions and traditional banks when the conference report is considered on the House floor. We urge you to think about the impact that the regulatory restructuring package will have on traditional lending institutions in our state and vote against the conference report on financial reform.

Sincerely,

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Arkansas Bankers Association

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