

Durbin Interchange Reforms: Detail and Timeline

Effective July 22, 2010

1. A card network shall not inhibit the ability of any person to provide a discount or in-kind incentive for payment by the use of cash, checks, debit cards or credit cards, provided that discounts for debit cards and credit cards do not differentiate on the basis of the issuer or the card network, and provided that the discount is offered to all buyers and disclosed clearly to the extent required by federal and applicable state law. (If you decide to offer a discount to customers for a particular payment type, FMI would like to know about it and be able to highlight this as a consumer benefit on Capitol Hill.)

2. A card network shall not inhibit the ability of any person to set a minimum dollar value for acceptance of credit cards, provided that the minimum does not differentiate between issuers or card networks, and provided that the minimum does not exceed \$10.

The Federal Reserve will have until April 2011 to do the following:

1. Issue regulations to establish standards for assessing whether interchange transaction fees on debit cards are reasonable and proportional to the cost incurred by the issuer with respect to the transaction.

2. Issue regulations to establish standards for making adjustments for fraud.

3. Issue regulations regarding network fees. Such authority is limited to ensuring that a network fee is not used to compensate an issuer with respect to an electronic debit transaction.

In July 2011:

1. Regulations issued in April 2011 are effective.

2. Regulations shall be issued regarding the number of networks on which an electronic debit transaction may be processed, and limiting restrictions on network routing.

3. The Federal Reserve Board shall issue a report on government prepaid cards and the fees charged with respect to such cards.

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