

**FOR IMMEDIATE RELEASE**

Wednesday,

**Contact:**

Grace Newcombe

Vice President of Communications

256-604-3770

[grace.newcombe@lscu.coop](mailto:grace.newcombe@lscu.coop)



## **New Study Highlights Massive Privacy Risks Posed by Pending Interchange Fees Proposal**

**TALLAHASSEE, FL** – The Florida Credit Union Association (FCUA) and the Credit Union National Association (CUNA) are joining forces to highlight a new [Cornerstone Advisors study](#) outlining the potential disastrous implications of enacting state-level interchange legislation in Florida and across the U.S.

During the 2023 Florida state legislative session, concerned industries blocked advancement of an ill-conceived proposal to regulate interchange that would have allowed big box retailers to effectively engage in government backed price-fixing simply to pad the bottom lines of big corporations. This new [study](#) underscores the dangers of upending the current system in favor of unproven and unprecedented changes. Not only would consumers ultimately bear the brunt of this monumental shift, but small businesses across the state would also be saddled with increased costs.

According to Cornerstone’s research, “to ensure that the sales tax information is accurate, payment providers would require validation from merchants and possibly state revenue departments for accuracy. To achieve this level of validation, merchants would be required to transmit sales data at the line-item level to support certain solutions.”

This means that financial institutions and credit card companies would have to look at every purchase an individual makes as opposed to the current ‘batch system’ that expedites payments and keeps consumer purchase data confidential. This type of burden would deliver a plethora of unintended consequences: driving up costs for small merchants, bogging down staff in unnecessary regulatory red tape, compromising consumer confidence and privacy, and significantly boosting the risk of fraud.

In addition to considerable consumer privacy concerns, Cornerstone’s [study](#) also underlines the huge extent to which big box retailers would win out over their small business counterparts. If the current payments system is turned upside down, merchants would be stuck with costs to upgrade both point-of-sale systems and payments systems software. Given their massive economies of scale, big box retailers

would absorb these costs relatively easily, while small businesses would likely watch savings from this “fix” seemingly vanish overnight.

Further, the [survey](#) notes that there are already 11,000 different sales and tax jurisdictions in the United States. As if the payments process is not already complicated enough, does Florida really want to add another layer to a payments system that already works in the best interest of the consumer?

"Proposals to haphazardly overhaul state-level interchange have repeatedly failed for nearly 20 years across the country because lawmakers ultimately know they will not work," declared Christopher Hodge, Senior Director of Governmental Affairs at FCUA. "Choosing to pursue legislation again will burden consumers, small businesses, and financial institutions alike. FCUA will do everything in its power to stop any bill that puts credit unions and their members at risk of shouldering the costs of bad policy. We appreciate the partnership between CUNA and Florida credit unions, as well as other coalition members, in fighting these egregious attempts to fix a problem that simply doesn't exist."

####

#### **ABOUT THE FLORIDA CREDIT UNION ASSOCIATION**

The Florida Credit Union Association, an arm of the League of Southeastern Credit Unions & Affiliates, represents Florida's 121 credit unions and a combined total of more than \$108 billion in assets and 7.1 million members. FCUA provides advocacy, compliance services, education and training, cooperative initiatives, and communications. For more information, visit [www.lscu.coop](http://www.lscu.coop).

#### **ABOUT THE CREDIT UNION NATIONAL ASSOCIATION**

The Credit Union National Association is the national association for credit unions, which serve more than 137 million consumer members nationwide. CUNA, along with its network of affiliated state credit union leagues, delivers unwavering advocacy, continuous professional growth, and operational confidence to protect the best interests of all credit unions. For more information about CUNA, visit [cuna.org](http://cuna.org). To find your nearest credit union, visit [YourMoneyFurther.com](http://YourMoneyFurther.com).