

United States Senate
Washington, DC 20510-1304

June 9, 2016

Ajay Banga
President and Chief Executive Officer
MasterCard
2000 Purchase Street
Purchase, NY 10577

Dear Mr. Banga:

As you may know, Visa has announced that today it will discontinue a fee, the Delayed De-Conversion Assessment, that penalized card-issuing banks and credit unions when those issuers' business shifted from Visa to competing networks. I commended Visa for its decision to cancel this fee, as I believed this fee was bad for competition, bad for small bank and credit union issuers, and bad for merchants and consumers. I write today to seek information about another fee that MasterCard has apparently created to penalize certain banks and credit unions that issue MasterCard payment cards. This fee, called the Domestic Other Non-MasterCard Processed Purchase Volume Fee, apparently assesses a charge of 3 basis points when a purchase initiated with a MasterCard-branded card is transacted over another card network that is also enabled on the card. Similar to Visa's fee, this MasterCard fee appears to impose a significant penalty on card issuers that try to shift business from MasterCard to a competing card network or that see their business shifted to competing networks through market forces or through merchant routing choice. This raises troubling questions about the fee's impact on network competition and the burdens the fee creates for small banks and credit unions as well as merchants and consumers. I am interested to know more about MasterCard's fee and whether MasterCard intends to make any changes with respect to this fee.

I request that you provide information within 30 days in response to the following questions:

1. Has MasterCard made information about the Domestic Other Non-MasterCard Processed Purchase Volume Fee publicly available so small banks, credit unions, merchants, consumers and other stakeholders can learn more about the fee and why it is being imposed?
2. Do small banks and credit unions have the opportunity to negotiate and/or contest MasterCard's imposition of the Delayed De-Conversion Assessment fee on them?
3. How will MasterCard ensure that issuers do not interfere with competitive choices of networks on debit transactions due to their concerns about having the Domestic Other Non-MasterCard Processed Purchase Volume Fee imposed?
4. How does the Domestic Other Non-MasterCard Processed Purchase Volume Fee serve the best interests of market competition?
5. How does the Domestic Other Non-MasterCard Processed Purchase Volume Fee serve the best interests of small bank and credit union issuers?
6. How does the Domestic Other Non-MasterCard Processed Purchase Volume Fee serve the best interests of consumers?

7. In light of Visa's decision to cancel its Delayed De-Conversion Assessment, is MasterCard considering changing or canceling the Domestic Other Non-MasterCard Processed Purchase Volume Fee?

Thank you for your attention to this matter. I look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "Dick Durbin". The signature is written in a cursive, flowing style.

Richard J. Durbin
United States Senator