



March 24, 2026

The Honorable Robert Britto  
Chair, Senate Commerce Committee  
Rhode Island State House  
Providence, RI 02903

Re: S 2344 and S 2522 (Interchange Fees)

Dear Chairman Britto,

On behalf of the Rhode Island Bankers Association ("RIBA"), representing 21 financial institutions here in the Ocean State, we write in staunch opposition to Senate Bills 2344 and 2522 which seeks to prohibit the collection of certain types of interchange fees on electronic transactions involving debit and credit cards.

#### General Background

The use of debit and credit cards has become an integral part of our state commerce and overall economy. The convenience they avail to local consumers directly results in millions in revenue for our local retailers – not to mention the subsequent millions to our state in the form of taxes. However, given the complexities associated with such a system/network, the operational burden of facilitating these transactions is not without cost. Most notably, the robust security measures and safeguards that are in place for consumer protection.

Financial institutions have designated staff and infrastructure in place to monitor customer spending habits and potential misuse. When outliers in behavior occur, the customer is contacted in order to discern if the purchases were legitimate or fraudulent. In the event the transactions are in fact fraudulent, the customer is made whole financially on those expenses. Additionally, a new card is created, synced to the customer account and mailed out in an expedited fashion. This process, while a tremendous asset to our customers, is a significant cost incurred by our member banks, as opposed to the retailer side where the problem typically originates.

In essence, this bill looks to maintain the existing conveniences and securities reaped by retailers, while even further diverting cost back onto the financial institutions. It's also worth noting that the entirety of the interchange fee is currently tax deductible at both the federal and state level.

#### Technological Issues

Because the process to separate the sales tax does not exist, implementing this proposal would require major programming overhauls across retailers, banks, credit unions, payment processors, networks and

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card issuers. These major changes would enable point-of-sale systems to capture detailed transaction data, such as item details, prices, coupons, delivery terms and taxes due, to ensure accurate tax reporting and remittals. The more detailed/itemized the data could pose serious consumer privacy concerns.

All the technology and systems that make up the card payment network must be interoperable, requiring extensive coding, implementation, and testing across retailers, processors, networks, and financial institutions.

The system overhaul that would be required to implement this bill would impact both consumers and businesses. Small retailers would need new point-of-sale terminals, while small banks and credit unions would face higher implementation and maintenance costs that may force them to stop offering certain products and services. Without specialized terminals and software, retailers may need to process separate transactions for purchases and taxes, slowing down the checkout procedure.

We would welcome the opportunity to discuss these concerns and others with the sponsors, but for the reasons included above, we are opposed to this bill.

Very truly yours,

**RHODE ISLAND BANKERS ASSOCIATION**

A handwritten signature in black ink that reads "Will Farrell". The signature is written in a cursive, slightly slanted style.

Will Farrell

Cc: The Honorable John P. Burke  
The Honorable Walter S. Felag Jr.