COLORADO

CREDIT UNIONS

Credit Unions Oppose Interchange Legislation in Colorado
March 2, 2026

Credit unions are once again writing to ask you to oppose legislation that will cut funding for fraud protection in our payment systems.

Last year, credit unions joined a coalition to oppose HB 25-1282, a bill attempting to drastically change Colorado's ability to use the global payment system to process debit and credit cards. Legislators did not advance this bill, rightly understanding the many unintended consequences this untested policy would create in our payment system and the potential for litigation against the state.

Interchange or "Swipe Fees" are processing costs businesses pay to ensure the speed, security, and fraud protection required when customers use their debit or credit cards. Interchange funds help financial institutions protect consumers who use debit or credit cards against fraud and cover the significant costs of operating a real-time payment system providing guaranteed funds for merchants and digital payment capabilities for consumers.

We appreciate Senator William Lindstedt's effort this year to work directly with stakeholders on the bill and his well-intended attempt to address the major impacts it would have on community-based financial institutions. Due to our deep appreciation of this stakeholder engagement, our members came to the table and invested time and resources to review, discuss, and engage outside feedback from payment processors and technical experts.

Ultimately, credit unions informed Senator Lindstedt – **that attempting to exempt small financial institutions will not work and will create many unintended consequences. Therefore, we remain in opposition to this legislation because of the direct harm and potential future risks for every small financial institution in the state.**

This decision was made independently by leaders in both community banks and credit unions, and it was not made lightly. Our decision was not about whether or not we would accept an exemption, but rather **whether we could responsibly move to neutral on a policy we continue to believe is fundamentally wrong**.

We also continue to have grave concerns about whether an exemption on this policy could actually be implemented, considering the uncertainty this bill will create in Colorado if passed. An exemption for small financial institutions only helps if it can and will be implemented by payment networks in a consistent, reliable way. There is no evidence to suggest this is possible, especially as no one has ever implemented this policy before. The only state to pass a similar bill, despite proposals in over 30 states, won't even come online until July at the earliest and could still be delayed due to ongoing litigation in federal court which will proceed and escalate through appeals processes. If the bill in Colorado passes, the state will face the same expensive and time-consuming legal challenges.

Your small community financial institutions will be impacted by this legislation, even with the inclusion of an asset threshold exemption, due to the chaos it will cause in our payment system.

This bill will cause credit unions to face downstream impacts and cost shifts that larger institutions can absorb but smaller institutions cannot, leading to increased costs and lost services for the millions of Coloradans we serve. **We saw this impact before, when the federal government implemented federal regulations on interchange through the Durbin Amendment, even though smaller institutions were supposedly exempted from that bill.**

Despite the sponsor's efforts, we cannot in good conscience move to neutral on a bad policy that will ultimately cost Coloradans. Offering an unworkable exemption does not change the chaos and uncertainty that will result from the underlying policy. **For these reasons and many more, we ask that you join us in opposing the bill.**

Sincerely,

Colorado's Credit Unions