Frontier
Community Credit Union

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Date: March 3, 2025

To: Representative Nick Hoheisel, Chair
House Financial Institutions & Pensions Committee

From: Michael J. Augustine, President/CEO
Frontier Community Credit Union

Re: HB 2089 Opponent Testimony

Chairman Hoheisel and Members of the Committee,

I am Michael Augustine, President and CEO of Frontier Community Credit Union in Leavenworth, Kansas. Frontier Community exists primarily to serve veterans and military families at Fort Leavenworth and in the surrounding communities.

Thank you for your consideration of my written testimony in opposition to HB 2089 which would impose price controls on interchange fees and prevent interchange fees from being charged on the full amount of a transaction. In addition to my opposition here today, I have also stood against similar legislation at the federal level, traveling to DC countless times to voice concerns on behalf of credit unions across the country. If implemented, HB 2089 would have a significant negative impact on the everyday operations of my credit union, exposing our members to an increased risk of fraud and raising the cost of operating our credit union.

Revenue generated from interchange fees are used to fund investments in network security, protect against potential data exposure, cover fraudulent transactions, and reissue cards if data is exposed. Capping the very fee that is used to pay these costs would only exacerbate the already current, and growing, fraud problem. Also noted in the bill is the requirement of financial institutions to reimburse merchants up to six months after the date of sale. The additional compliance burden imposed by this legislation mounts on top of already substantial regulations and would increase the cost of operating our credit union.

As non-profit financial institutions, credit unions pass profits onto our member owners. That means the loss of interchange revenue and the additional costs imposed on credit unions from this legislation would be passed onto the veterans and military families that own our credit union through higher rates on loans, reduced returns on savings, or higher fees. While this legislation might reduce costs for large merchants, it will harm the financial well-being of Kansas consumers.

Thank you again for the consideration of my testimony.

Sincerely,

Michael J. Augustine
President & CEO
Frontier Community Credit Union