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U.S. House and Senate Democrats said Monday they reached an agreement that is likely to ensure a more limited proposal on "interchange" language remains in the broader regulatory-overhaul legislation.

Sen. Richard Durbin (D., Ill.) released a statement that he and House Democrats had reached an accord on language dealing with the fees charged by financial firms on debit cards. The agreement, which will benefit Visa Inc. (V) and MasterCard Inc. (MA), will be offered Tuesday by House of Representatives negotiators working with their Senate counterparts to reconcile the wide-ranging financial-regulation bill.

A statement from Durbin's office said the proposal is expected to be accepted by the "conference committee" crafting changes to the broader legislation.

"I'm pleased that we were able to reach an agreement which makes minor changes to strengthen consumer protections and bring competition to a market where there is none," Durbin said.

Durbin's agreement with House lawmakers would limit the scope of the changes Senate lawmakers approved with bipartisan support last month. It would prevent the Federal Reserve from having wide-ranging authority to regulate network fees, a benefit for Visa and MasterCard because of the reduced oversight over the fees they charge and accrue. The Fed would still be able to regulate network fees, but only to ensure they aren't used to make up for the lost profits from interchange fees.

"This is a tremendous victory for Visa and MasterCard as they have found a way out of the bill even if their defection opened the door to greater regulation of interchange fees," said Jaret Seiberg, an analyst with Concept Capital.

The compromise still requires the Fed to pass rules to ensure that interchange fees on debit cards must be "reasonable" and "proportional" to the cost incurred. Lawmakers agreed to exempt debit and prepaid cards tied to U.S. and state programs such as unemployment insurance, as well as reloadable prepaid debit cards.

"This agreement is a major victory for small business owners and consumers fed up with big bank and credit card industry rip-offs," Rep. Peter Welch (D.,Vt.) said in a statement released by his office.

Senate passage of the interchange amendment last month caught banking-industry lobbyists off guard and has been a top target for efforts to water down the legislation in recent weeks. Fred Becker, president of the National Association of Federal Credit Unions, said in a statement that the compromise language still raises concerns for small financial institutions.

"Ultimately, Main Street will suffer greatly at the expense of the big box retailers if this legislation passes,' Becker said.