

Congress of the United States
Washington, DC 20515

April 4, 2011

Protect Consumers Access to Low Cost Banking Services

Dear Colleague,

The debit card has made the convenience and safety of electronic payments available to any consumer with a checking account, and is one of the most popular and successful financial innovations of the last century. Recently some have claimed that the Durbin Amendment, which makes changes to the way that debit transactions are paid for, will benefit consumers. We encourage you to take a close look at these claims and determine for yourself whether allowing the Federal Reserve to set interchange rates would be good for consumers.

Higher Consumer Costs

The Federal Reserve has issued a proposed rule that would reduce interchange rates to a level below what it costs banks and credit unions to provide debit services to their customers. If this proposed rule goes into effect, financial institutions would be required to find some way to replace this revenue such as increasing fees, ending free checking, or eliminating benefits. There is no evidence that merchants would pass their savings from reduced interchange rates on to consumers through lower prices.

Less Access to Banking Services

While consumers have grown accustomed to free checking, the cost of providing banking services is not cheap. Banks and credit unions have to rent or buy branches, employ tellers, and maintain a network of ATMs, among other things. While financial institutions can offset the cost of providing these services to their customers by making loans against deposits, this does not offset the costs of providing banking services to low or moderate income customers who do not maintain large deposits. Low and moderate income customers who cannot afford to keep a minimum balance or pay higher fees for checking services would have to rely on cash for their transactions, utilize expensive check cashing services, and would have limited capacity to save. That is why groups such as the NAACP, the NEA, and others have expressed concern that the Durbin Amendment could result in less access to the banking system for many customers.

We believe higher costs and less access to the banking system make the Durbin Amendment bad for consumers. That is why we encourage you to cosponsor H.R. 1081, the Consumer Payment System Protection Act, which delays implementation of the Durbin Amendment for one year and allows for a broader study of this issue, including its impact on consumers.

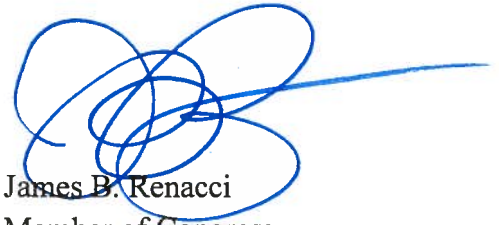
Sincerely,



Gary C. Peters
Member of Congress



Ed Perlmutter
Member of Congress



James B. Renacci
Member of Congress



Steven C. LaTourette
Member of Congress