



March 26, 2024

Patrick T. Harker  
President of the Federal Reserve Bank of Philadelphia  
Ten Independence Mall  
Philadelphia, PA 19106

Dear President Harker,

As a member of the Business Advisory Council for the Federal Reserve Bank of Cleveland, I have the honor of serving as a formal advisor to several local elected officials, businesses, non-profit organizations, and academic institutions. I have always aimed to provide reliable financial advice and advocate for policies that increase banking options for low- and middle-income communities. With this in mind, I write to express my strong opposition to the Federal Reserve's recent proposal to lower the limit on interchange fees for debit cards.

The Federal Reserve is considering a plan to decrease the current cap on debit card interchange fees from 21 cents to 14.4 cents. While this may appear to be a minor change, history has proven that reducing interchange fees is harmful.

The last time the Federal Reserve limited debit card interchange fees to protect consumers, it increased the unbanked population. As I'm sure you know, in 2010, Congress passed sweeping financial legislation in the wake of the global financial crisis known as the Dodd-Frank Act. The legislation included a provision known as the Durbin Amendment, which directed the Federal Reserve to set a cap on interchange fees and mandate routing requirements for all debit card payment networks.

The results are in, more than a decade later, and the picture isn't pretty. [Study after study](#) has clearly shown that the Durbin Amendment increased the unbanked population across the country, in addition to catalyzing a severe decrease in the proportion of banks offering truly free checking accounts with no minimum balance requirements.

Dramatically cutting the cap again would only cause further harm across the Keystone State. With less interchange revenue, banks would be forced to increase other costs, like account fees. As a result, it would become difficult for working-class citizens to find reliable and affordable banking options.

We shouldn't forget the tried-and-true slogan, "Those who do not learn from history are doomed to repeat it." For the sake of Pennsylvania workers and small businesses, I sincerely hope you will urge the Federal Reserve not to proceed with this policy proposal. Thank you for your consideration.

Sincerely,

Warner Macklin III, J.D.  
Chairman and CEO  
FoxChase Advisors, LLC