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March 18th, 2024

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

Dear President Harker,

I serve as the President and CEO of an organization that supports more than 34 communities and hundreds of businesses. In this role, my primary focus is to provide essential resources and information necessary for advancing and maximizing the economic vitality of our members and regional business community through advocacy and education. As such, I am writing to express my strong opposition to the Federal Reserve's recent proposal to lower the cap on interchange fees for debit card transactions.

The Fed's plan, which would specifically lower the current cap from 21 cents to 14.4 cents, may seem like a minor and well-intended policy change. Unfortunately for us, both history and the data suggest otherwise. Back in 2010, Congress passed sweeping financial reform known as the Dodd-Frank Act, which included a provision known as the Durbin Amendment. The amendment authorized the Federal Reserve to regulate the fees and routing requirements for all debit card payment networks.

Again, while this policy was intended to provide consumers with much-needed relief and protection, the reality fell far from expectations. Numerous studies have demonstrated that the Durbin Amendment ultimately relegated more Americans unbanked across the country and led to the widespread slashing of popular consumer perks such as free checking accounts with no minimum account balances. Pennsylvania is a dynamic state with a vast array of industries and more than 1.1 million small businesses powering our economy. This is reflected in our Chamber's membership, with small businesses representing the dining, entertainment, lodging, and real estate sectors. I worry about what an even lower interchange fee cap would entail for them. With less interchange revenue, banks would again be forced to recoup revenue elsewhere, likely by increasing account fees. For smaller businesses that cannot afford cost increases, particularly during economic stress, this could mean stunted growth, fewer jobs created, and even the shutdown of shops altogether.

I urge you to carefully review the data and consider how the Durbin Amendment had severe negative impacts. Lowering the cap further would only cause more harm to our communities. The vitality of the Keystone State economy may very well depend on it.

Sincerely,

Chris Heck
President and CEO
Pittsburgh Airport Area Chamber of Commerce