

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

March 29, 2024

Dear President Harker,

I write to you both as a Professor of Economics at Washington & Jefferson College and as a member of the Board of Directors for the Washington Area Federal Credit Union to express my concern about a new proposal from the Federal Reserve that would lower the current interchange fee cap on debit cards. This policy change will have a detrimental impact on the financial well-being of many in my community and will limit their access to reliable financial products and services.

How do I know this? When Congress passed the Dodd-Frank Act in 2010, it included a provision known as the Durbin Amendment, which authorized the Federal Reserve to set a cap on debit card interchange fees. This led to significant changes in the debit card landscape. In fact, a 2017 study from [George Mason University's International Center for Law & Economics](#) found that the interchange fee cap ultimately drove up costs for small businesses, community banks, credit unions, and consumers who face higher bank fees and minimum balance requirements. As the study [notes](#):

Millions of households, regardless of income level, have been adversely affected by the Durbin Amendment through higher costs for bank accounts and related services. Most troublingly, this has hit lower-income households the hardest. Hundreds of thousands of low-income households have chosen (or been forced) to exit the banking system, with the result that they face higher costs, difficulty obtaining credit, and complications receiving and making payments.

If the Federal Reserve proceeds with its current proposal to further lower the interchange fee cap, it's clear this will only result in more harm to our communities. The Washington Area Federal Credit Union is honored to serve a diverse membership that has connections to many small businesses and community organizations that are critical to the success of our local economies and contribute to our sense of identity. It is for their sake that I urge you to withdraw this proposal. Let us learn from our past mistakes, not repeat them.

Sincerely,



Robert Dunn
Professor of Economics