

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Description:

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From: Ronnie Shows

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Subject: 1818(AG67) Debit Card Interchange Fees and Routing

Comments:

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Your comment: Fixing low-income Mississippi's banking access problems. As a native son of Mississippi, I am very proud of the great Magnolia State. From the Delta with its rich musical traditions to the Gulf Coast and its lush shorelines, there is no doubt we are blessed to call Mississippi our home. However, in some important areas, there is still a lot of work to be done, and while we certainly need to put more effort into our own success, we have undoubtedly been negatively affected by policies coming out of Washington, D.C. Mississippi, despite its beauty, ranks too low in some important categories. According to a study by U.S. News and World Report, Mississippi ranks 49th in access to health care and economics, 47th in infrastructure, and 41st in education. In short, Mississippi is at or near the top of all the categories you don't want to be first in. One of the most tragic numbers, however, is the number of Mississippians who do not have access to the banking system, primarily due to the misguided policies of the federal government. And if the Federal Reserve has its way, the problem will

get a lot worse. As I write this article, more than 500,000 Mississippians are either unbanked or underbanked — nearly 15% of the total population. This figure is almost twice the national average. These folks either have no access to the banking system via a checking or savings account or are forced to use alternative financial situations such as pawn shops, payday loans, and other high-cost services to access their own funds. Unbanked and underbanked households typically operate in a cash-based system and, as a result, do not have access to the same financial security and opportunities as those who bank with traditional financial institutions. The unbanked and underbanked are more likely to spend a percentage of their net income on unnecessary fees as well. Without a safe place to store their money, they are also more likely to be victims of crime and unable to access money during emergencies safely. The reasons behind this problem are many. However, one clear culprit in this unfortunate story is the U.S. government and the decision by power brokers in Washington more than a decade ago to favor large retail merchants over community banks. In 2010, in the dark of night, Congress approved a provision; at the behest of the big chain stores like Walmart; which restricted the fee that banks and credit unions are allowed to charge corporations for processing their debit card transactions. This corporate giveaway had significant consequences. By reducing this processing fee for big companies, banks just made up the cost by reducing banking access for many; raising their fees, getting rid of the card reward programs, and even getting rid of the lowest of low-income residents' bank accounts. As if that weren't bad enough, the Fed now wants to restrict these processing fees for corporations to an even greater extent. With its new Regulation II proposal, it wants to cut the fee companies must pay to process debit cards by almost 33% more. The end result will be even less banking access for Mississippians. When government insiders and big lobbyists team up, all Americans lose. Our government needs to work for us, not against us. We in Mississippi are already the most de-banked state and the nation. We don't want a handout; we want a hand up. The Fed should revisit this issue to ensure that everyone has access to the banking services they need.; Ronnie Shows is a former Member of Congress from Mississippi