

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

Description:

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Comment ID: 160394

From: Mark Schauer

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Comments:

Date: May 13, 2024

Proposal: Regulation II: Debit Card Interchange Fees and Routing [R-1818]

Document ID: R-1818

Revision:1

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Your comment: Michigan promises to be front and center in the upcoming presidential election, as both major party candidates appeal to working-class voters, who typically swing our election results.

While former President Donald Trump has appealed to our auto workers, minorities, and blue-collar workers, President Biden has touted a "war on junk fees" in his stops in our state. President Biden believes this will help Michiganders & who have a per capita income 13 percent below the national average & afford their basic living expenses.

The catch-all phrase "junk fees" refers to perceived excessive fees on everything from concert tickets to airline fares. Some of these fees are legitimate, and others are not.

Some fees are not disclosed to Michigan's consumers upfront. The Biden administration is right to pressure the companies in question to increase transparency over these costs.

However, other fees currently caught in the crosshairs of the Biden administration, as well as the Federal Reserve, are legitimate ones that are needed to keep the marketplace functioning. I am concerned that restricting these can have serious consequences for the hardworking people of this state.

Take, for example, the debit card swipe fee & the small fee that businesses pay financial institutions each time a consumer uses a debit card for a transaction. The Federal Reserve is working to cap this fee because it believes it will ultimately reduce consumer costs, but it will really just enrich large retailers, all while forcing low-income Michiganders to indirectly subsidize the fee for them while causing more of Michigan's financial institutions to close down. We know this because Congress already imposed a price cap on this fee over ten years ago, and here in Michigan ATM fees increased, free checking accounts were severely restricted, and monthly balance requirements were hiked due to this policy. These increased costs were directly associated with many low-income residents leaving the

banking system altogether. It would be a terrible mistake for the Fed to take yet another stab at this fee & especially at a time when Michigan already ranks fourth in the nation for bank branch closures.

If the Biden administration wants to tackle the small handful of junk fees & the anti-transparent, anti-free market kinds that Michigan faces today, not the legitimate ones & that is fine. But the Federal Reserve would be better served to tackle a different hidden fee & inflation.

A new Consumer Price Index report shows that consumer price inflation rose yet again in February. These cost increases by the administration's unchecked spending and reckless increasing of the money supply & is affecting Michigan residents' ability to afford everything from groceries for their pantries to gas for their vehicles.

This inflation has left many Michigan residents feeling hopeless, with the Michigan Consumer Sentiment Index, released March 15, indicating that the state doesn't expect this issue to get better any time soon. Is that really what the administration wants a key swing state to be feeling just months before the next election?

Economic concerns extend far, far beyond the issue of junk fees. The time for true reform is now.

Schauer is a former Democratic Member of Congress from Michigan