

March 7, 2024

The Honorable Blaine Luetkemeyer
Chairman
Subcommittee on National Security, Illicit Finance, and International Financial Institutions
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Re: Secure Payments Act of 2024 (H.R. 7531)

Dear Chairman Luetkemeyer:

On behalf of the American Bankers Association (ABA)¹, I am writing to express our strong support for the Secure Payments Act of 2024. This important legislation would require the Federal Reserve Board (Fed) to stop and fully examine the impact of their misguided proposal to reduce the regulated interchange cap under Regulation II on banks and underserved consumers.²

The Fed's proposal to slash debit interchange fees under Regulation II is part of a tsunami of new federal regulations that would have tangible, and potentially severe, consequences for banks of all sizes, their customers and their communities. While the current regulation's price caps have not been touched in a decade, the Fed is proposing changes that will fundamentally impair the sustainability of affordable deposit account products. Predictably, this will result in a reversal of successful financial inclusion efforts by increasing the costs of checking and other basic banking services, which among other things, would jeopardize low-cost Bank On accounts that have brought millions of Americans into the banking system.³

The Fed's Regulation II proposal would implement dramatic regulatory changes that would have adverse consequences for the ability for banks to facilitate payments, secure these systems, and account for fraud, and provide low- and no-cost basic banking services consistent with their values and mission as community leaders. As required by the Secure Payments Act, the Fed should stop and conduct a rigorous study of this proposal's impacts and the cumulative impacts of the tsunami of newly finalized and pending regulations from the federal banking agencies.

¹ The American Bankers Association is the voice of the nation's \$23.4 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$18.6 trillion in deposits and extend \$12.3 trillion in loans.

² NPRM on Debit Card Interchange Fees and Routing (Regulation II), Docket No. R-1818.

³ See ABA and 52 State Bankers Association letter in response to NPRM on Debit Card Interchange Fees and Routing (Regulation II), Docket No. R-1818; <https://www.aba.com/-/media/documents/letters-to-congress-and-regulators/02142024-aba-state-associations-regulation-ii.pdf>



American
Bankers
Association.

Kirsten Sutton
Executive Vice President
Congressional Relations & Legislative Affairs
202-663-5356
ksutton@aba.com

Thank you for your leadership on these policies, and we look forward to continuing to work with you and your staff to address these critical issues.

Sincerely,

A handwritten signature in cursive script that reads 'Kirsten Sutton'.

Cc: Members of the House Committee on Financial Services