

## **The Durbin interchange price control provision will harm lower income people who rely on low-cost banking services.**

Lower income people will pay more for basic banking services as a result of the Durbin amendment that establishes price controls for debit card interchange fees.

The amendment directs the government to set prices for debit card interchange, but does not allow the consideration of costs related to building, maintaining, and improving the network systems. It even ignores fraud losses and costs related to fraud prevention, privacy protection, and security, among other costs. If these debit card costs are not paid by the business that benefit from them, then the costs will end up being paid by card users, which will result in reduced options and more expensive bank products, especially for lower income people.

***More expensive basic banking accounts.*** The revenue from debit interchange fees helps pay for the cost of providing checking accounts, especially for accounts with low balances that otherwise provide little revenue to cover costs. Many banks have designed basic banking accounts with debit cards particularly for low income people who can only maintain a low balance. To make up for the loss of debit card interchange and to cover in part the costs of providing such accounts—including the debit card access—banks will have to charge account fees of one type or another. Low-income customers will pay more for their checking account, or choose not to have an account.

***More fees on prepaid cards.*** Low-income unbanked and under-banked consumers often rely on prepaid cards as a safe alternative to carrying large amounts of cash, which may be lost or stolen. They also use prepaid cards to make online purchases. Increasingly such cards serve as a free or low-fee limited-service bank account for those ineligible or uninterested in a full-service checking account. Because the interchange fee—paid by the businesses that benefit—will no longer cover a significant part of the costs of providing the prepaid card services, cardholders will pay more in up-front, transaction, or monthly fees.

***More fees for payroll and government assistance (electronic benefits transfer) cards.*** Payroll cards are a very popular, convenient, economical, and valued product for people without full-service checking accounts. Customers receive immediate access to their paycheck through a debit card usable at ATMs and stores, and consumers generally pay no fees. Similarly, government assistance cards provide government benefits such as disaster assistance, food stamps, and unemployment benefits through a convenient debit card. Debit card interchange helps pay for the cost of providing these popular and valuable payments services. Under the bill, the interchange fee will not be available to contribute to helping cover the costs of providing the debit card services for either the payroll account or government assistance product or account. To cover those costs, payroll and government assistance card holders will have to pay new fees such as monthly and transaction fees.

**Strike the Durbin price controls that will cause consumers to pay more.**