

Harkin Financial Reform Amendment Protects Consumers from Unfair ATM Fees

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As Congress moves to rein in Wall Street, measure will eliminate banks' double-dipping

WASHINGTON, D.C. – Today, Senator Tom Harkin (D-IA) introduced an amendment to help consumers facing rising fees at Automated Teller Machines (ATMs). The amendment came as the Senate began debate on the financial reform bill.

“In recent years, Congress has acted to protect consumers by setting appropriate limits on the types of fees that financial institutions can charge consumers. However, one area that lacks these sensible restrictions is the fees charged to consumers for using Automated Teller Machines (ATMs). Consumers are being charged ATM fees that are well in excess of the cost of providing services, in some instances, as much as \$5 per withdrawal. These fees are outrageous, are anti-consumer, and they need to be reigned in,” said Harkin.

Senator Harkin’s amendment would require the new Consumer Financial Protection Bureau to ensure that fees charged to consumers at ATMs bear a reasonable relation to the cost of processing the transaction. The best data available suggests that the cost of processing a transaction is no more than 36 cents today. For this reason, the amendment also sets a reasonable upper limit of 50 cents per transaction - ensuring that banks can continue to offer this service while protecting consumers from unfair fees.

“Under the current structure, banks charge consumers fees for using ATMs while also collecting fees from other banks. This amendment restricts the double-dipping that benefits banks and costs consumers,” said Harkin. “Our mission in financial reform is to level the playing field for the average Joe. My amendment goes to the heart of that mission, ensuring consumers are no longer victimized by unfair fees.”

Prior to 1996 some card networks actually prohibited financial institutions from charging consumers a fee for using an ATM. Instead, the costs associated with ATM transactions were paid between banks and the processing networks. However, those restrictions were removed in 1996, and the Federal Reserve now estimates that nationwide, consumers pay an average of \$2.66 to use ATMs.

The amendment is particularly relevant to Harkin’s home state of Iowa. Prior to 2002, Iowans did not pay fees for using ATMs. But in 2002, this law was pre-empted by federal banking regulators, who have since not put any restrictions on the amount of fees that banks can charge.

The amendment is cosponsored by Senators Schumer and Sanders and is supported by the U.S. Public Interest Research Group, the Consumer Federation of America, Consumer Action, Consumers Union and the National Consumer Law Center on behalf of its low-income clients.