

United States Senate
Washington, DC 20510-1304

November 18, 2011

Richard Hunt
President
Consumer Bankers Association
1000 Wilson Blvd., Suite 2500
Arlington, VA 22209-3912

Dear Mr. Hunt:

I write to ask that the Consumer Bankers Association (CBA) urge all its member banks to adopt clear and easy-to-understand disclosures of each and every fee that the banks receive as payment for consumer banking products and services.

On November 3, you stated publicly that “CBA and our member banks support clear and easy-to-understand disclosures which are meaningful for our customers.” I commend you for this statement and agree that it is important for financial institutions to provide American consumers with clear, upfront and honest information about the fees banks charge. Such transparency will enable consumers to make sound financial choices and will enhance competition and efficiency in the consumer banking market.

However, recent reports such as the November 13 New York Times article entitled “Banks Quietly Ramping Up Costs to Consumers” indicate that some banks have been looking for ways to impose new or increased fees on their customers with no effective notice or with notice that is buried in pages of fine print. Such bank behavior clearly runs counter to your statement of November 3, and I ask that you encourage your members to reject this path and instead take two meaningful pro-transparency steps that are consistent with your stated support for clear and easy-to-understand disclosures.

First, I ask that you urge your member banks to adopt the clear and easy-to-understand fee disclosure form that the Pew Charitable Trusts has developed for checking accounts. A copy of this form is enclosed. This consumer-tested, one-page disclosure form lays out comprehensive information on fees and terms in a simple, easy-to-read format. This disclosure form can easily be posted on bank websites, made available in retail branches, and mailed or emailed to current checking account customers along with their monthly statements. Two of the nation’s largest credit unions, Pentagon Federal Credit Union and the North Carolina State Employees’ Credit Union, have already voluntarily adopted the Pew model disclosure form and more financial institutions are expected to follow.

While the Consumer Financial Protection Bureau may use its regulatory authority to eventually require this type of standardized fee disclosure for all checking accounts, there is no need for your member banks to wait for a potentially lengthy regulatory process to compel them to be transparent about fees. Not only is being honest with customers about fees the right thing to do, it is also the smart thing to do in the current business environment. Consumers have demonstrated that they will no longer stay with banks that disrespect them by failing to charge fees in an upfront and fair manner. Your member banks can prove their value to current customers and win new business by living up to your stated commitment to clear, easy-to-understand and meaningful disclosures.

Second, I ask that you urge your member banks to disclose on every customer's monthly statement the interchange fee that the banks collect on each credit, debit, and prepaid debit card transaction performed by that customer. No matter what your association's view may be on the debate surrounding the way interchange fees are set, making these fees more transparent for consumers would clearly advance your stated commitment to fee disclosure. There is simply no valid reason for interchange fees to be hidden from consumers any longer - especially considering that tens of billions of dollars are collected in interchange fees each year and that consumers ultimately pay for these fees in the form of higher retail prices.

Because the CBA identifies itself as "the national trade association for today's leaders in retail banking - banking services geared toward consumers and small businesses," your association is uniquely positioned to take a leadership role in advocating for a more transparent and competitive consumer banking market. The important pro-transparency steps described above will shine a light on fees that have long been hidden or poorly disclosed, and if adopted they will prove enormously meaningful for the consumers whose interests you support. I urge you to inform your member institutions about these steps and advocate that they adopt them promptly. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Dick Durbin", written in a cursive style.

Richard J. Durbin
United States Senator