JP MORGAN CHASE NICKEL AND DIMING THE LAST NICKELS AND DIMES FROM THE UNEMPLOYED

The National Consumer Law Center just released a report on something that's been a pet peeve of mine for some years: states' increasing reliance on pre-paid cards to distribute unemployment compensation, rather than checks. (h/t Susie) As the report explains, issuing funds via a card is much cheaper for the states. But what's really happening is that unemployment recipients end up paying for the cards out of series of fees the banks issuing the cards charge (which violates the law that says administrative costs should not come out of benefits).

The report spells out in detail how banks are screwing unemployment recipients in which state:

- US Bank refusing to let AR post its fee schedule
- PNC requiring recipients to work with customer service to transfer fees to their own bank account in IN
- Chase charging $1 for the very first in-network ATM withdrawal in TN
- Chase charging $2.75 for out-of-network ATM withdrawals in WV, even in areas without convenient access to a Chase branch
- Chase charging $.25 for cash back with a purchase in TN

and RI
- Chase charging $.10 for every point-of-service use after the second one in CO
- Chase charging $.25 for PIN transactions in ME and TN
- US Bank charging $20 overdraft fees (on pre-paid cards!) in AR
- Chase charging $1.50 for denied transactions in MI and WV
- Chase charging $.50 to check a balance and $1 for insufficient funds in RI
- Regions Bank charging a $2.50 90-day inactivity fee in AL
- Chase charging $12.50 to issue a check to close out an account in CO and CT

Check out this state-by-state summary to see what your state's card charges and how that compares with other states.

This list, of course, demonstrates another thing: Chase's significant role in the market (it serves 13 of the 40 states that use pre-paid cards) and–aside from US Bank's egregious overdraft fees–its use of the most abusive practices.

That's notable because Chase's parent company–and its CEO, Jamie Dimon–is also taking the lead in threatening to cut off poorer consumers because the government wants to limit what debit card issuers like Chase can charge merchants.

> Bank executives have said they will raise their fees to compensate for

> losing debit card processing revenues.They predict that some people will be unable to afford the fees, forcing them out of the banking system into the realm of check cashers and payday lenders.
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> The term that the banks use for this is “unbanked.” The rules “will have the adverse consequences of making a portion of current bank clients unbanked.
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> You will not be able to profitably serve them,” Dimon told analysts during the bank’s fourth-quarter earnings conference call Friday.
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> About 5 percent of today’s banking customers “may be pushed out of the banking system,” he said.

You see the nice trap Dimon is setting for those who don’t profit mightily by sucking at the federal teat, like his bank does? Unbanked consumers are precisely those who, if they receive unemployment, will rely on these cards and have to pay their usurious fees. So after forcing them out of the banking system because JP Morgan refuses to cut its escalating profits in response to Dodd-Frank, JP Morgan will still profit off these people by nickel and diming them at the time they can least afford to be nickel and dimed.