

US BANK PLANS TO MAKE UP PROFIT ON SWIPE FEES BY SCREWING THE UNEMPLOYED

The other day I summarized a National Consumer Law Center report showing how some banks—particularly US Bank and JP Morgan—are screwing those who receive unemployment funds on debit cards with exorbitant fees. WSJ did a story on the report, too, with this appalling detail.

Banks are barreling into the business, led by J.P. Morgan Chase & Co., the second-biggest U.S. bank in assets, which has contracts with 21 states. U.S. Bancorp, based in Minneapolis, has contracts with 16 U.S. states. The nation's largest bank by assets, Bank of America Corp., has deals in five states and will start issuing debit cards for California's unemployment benefits in July.

One reason why financial institutions like prepaid debit cards: They largely escaped the recent crackdown by U.S. lawmakers and regulators on fees, interest rates and billing practices for credit and debit cards.

Last year, 10 state treasurers successfully prodded lawmakers to shield prepaid debit cards from part of the Dodd-Frank financial-overhaul law that limits so-called "swipe fees" charged to retailers. Prepaid debit cards also are exempt from a 2009 law that outlawed fees for infrequent card use. In addition, most of those cards aren't subject to Federal Reserve rules

requiring debit-card users to agree before banks can charge them for overdrawing the balance in their account.

Richard Davis, U.S. Bancorp's chairman, president and chief executive, said last month that prepaid debit cards and other products will help the company recover roughly half of the revenue likely to be lost from swipe-fee rules being written by regulators. The banking industry is lobbying to repeal or delay the rules.

That is, US Bancorp (which the report showed was charging overdraft fees up to \$20) plans to make up what it'll lose in profits if swipe fees in Dodd-Frank remain in the law by screwing the unemployed even worse.

No wonder the bankster bailouts aren't leading to any new jobs: they're using the unemployed as a captive profit center.