MAY 2, 2000

SCHAKOWSKY UNVEILS *"FINANCIAL CONSUMERS' BILL OF RIGHTS"*

COMPREHENSIVE BILL WOULD ELIMINATE ATM SURCHARGES, BAN OUTRAGEOUS BANK FEES, ENSURE FINANCIAL PRIVACY, PROTECT AGAINST IDENTITY FRAUD AND MORE

CHICAGO, IL - U.S. Representative Jan Schakowsky (D-IL) today in Chicago unveiled the Financial Consumers' Bill of Rights Act (H.R. 4332), a comprehensive bill that attacks outrageous bank fees, bans ATM surcharges, guarantees financial privacy and protects consumers against identity fraud. Schakowsky was joined at the news conference by representatives from the Coalition for Consumer Rights, Citizen Action of Illinois, Metro Seniors, National Center on Poverty Law, Illinois PIRG and others.

Schakowsky, a member of the House Banking Committee, said, "Banks are cashing in. They make their customers pay each time they want to talk to a live person and charge consumers $25 or more in fees for a late credit card payment or bounced check. And that is not all. Thanks to a new law, banks can now make even more money by sharing or selling their customers' most private financial information to insurance companies and telemarketers. They're even taking away customers' legal rights."

She added, "What does that mean for consumers? It means that they have less money in their checking accounts; that they lose control over their financial records; and that they surrender their legal rights. That is not the financial world I envisioned for consumers, especially low and middle income families and seniors, when I was elected to Congress."

"The Financial Consumers' Bill of Rights is the answer. It is a comprehensive bill that attacks excessive fees, ATM surcharges, invasions of privacy and identity fraud. It ensures that families have access to affordable banking and that seniors have access to free teller transactions. It is time to put banks on notice and to remind them that it's our money," Schakowsky said.

The Financial Consumers' Bill of Rights (H.R. 4332) would prohibit exorbitant credit card late fees and bounced check fees, ban ATM surcharges, and guarantee customers three free teller transactions per month. The bill would also require banks to provide lifeline or affordable checking accounts. In addition, the bill would preserve consumers' legal rights by prohibiting banks from requiring mandatory arbitration. This section of the bill is based on a proposal by Representative Luis Gutierrez (D-IL). Finally, H.R. 4332 would ensure consumer financial privacy and would expand consumer protections against identity fraud.

Below is a two-page summary of the bill.

THE FINANCIAL CONSUMERS' BILL OF RIGHTS, H.R. 4332
Introduced by Representative Jan Schakowsky, 4/13/00

The Financial Consumers' Bill of Rights would:

- **Prohibit exorbitant credit card late fees.**
- **Prohibit exorbitant bounced check fees.**
- **Ban ATM surcharge fees.**
- **Guarantee three free teller transactions per month.**
- **Ensure lifeline or basic checking bank accounts.**
- **Preserve consumers' legal rights.**
- **Ensure consumer financial privacy.**
- **Expand consumer protections against identity fraud.**

PROHIBIT EXORBITANT CREDIT CARD LATE FEES

A survey by Consumer Action, a California organization, found that over half of all credit cards had a fee for late payment of over $25. And in 1998, the average late fee was $21.82, up from $12.53 in 1995. H.R. 4332 would direct the appropriate federal regulator to determine the average cost of late payments to credit card companies. Banks would be prohibited from charging more than double the dollar amount determined by the federal regulator.

PROHIBIT EXORBITANT BOUNCED CHECK FEES

A US PIRG study found that large banks raised bounced check fees 10% in two years. Some banks charge $25 per bounced check. H.R. 4332 would direct the appropriate federal regulator to determine the average cost of bounced check fees. Banks would be prohibited from charging more than double of the dollar amount determined by the federal regulator for a bounced check fee.

BAN ATM SURCHARGE FEES

A study conducted by the Coalition for Consumer Rights found that the average surcharge customers had to pay at 10 Chicago area banks rose $1.48 over three years, an increase of more than 600 percent. These fees can add up to $150 to $200 a year. Currently, consumers are being double charged. They are charged by their bank for using a foreign ATM, and are charged by the ATM owner or operator. H.R. 4332 would amend the Electronic Fund Transfer Act to prohibit ATMs on a regional or national network from charging a fee to users that do not have an account with the ATM owner or operator. This means that while a foreign ATM can charge the customer's bank, they can not charge the customer.

GUARANTEE THREE FREE TELLER TRANSACTIONS PER MONTH

Some banks charge $3 or more for each teller transaction. For example, customers who wish to use a teller to make withdrawals or deposits, clear up discrepancies, or buy money orders must pay a fee. This is particularly burdensome for persons on fixed and low income, including seniors. H.R. 4332 would require banks to provide three free teller transactions a month.

ENSURE LIFELINE OR BASIC CHECKING BANK ACCOUNTS

Congress passed and the president signed the Financial Services Act last year. This law gives banks, securities firms, and insurance companies the ability to merge and to make more money in more ways than ever before. Unfortunately, consumers' interests were left out of this bill. H.R. 4332 would amend this law to require all banks with non-bank affiliates or subsidiaries to provide affordable, basic checking accounts.

PRESERVE CONSUMERS' LEGAL RIGHTS

Hidden in some financial contracts are provisions that take away consumers' legal rights. Consumers who sign a credit card contract or pay a credit card bill are unaware that they may be forfeiting their right to take their disputes to court. Instead, these consumers would be forced into mandatory biding arbitration if they have any grievances. It was disclosed during a court case that First USA bank has won 99.6% of the mandatory arbitration cases. H.R. 4332 would amend the Consumer Credit Protection Act to prohibit the imposition of arbitration clauses unless the consumer agrees at the time of the dispute. Specifically, it would prohibit requiring mandatory arbitration in contracts for consumer transactions entered into primarily for personal, family or household purposes.

ENSURE CONSUMER FINANCIAL PRIVACY

A 1998 Harris Poll found that four out of five respondents felt they had "lost all control" over their personal financial data. An American Association of Retired Persons survey shows 81% of its members do not want their account information shared internally and 92% oppose having such information sold. Unfortunately, Congress failed to give consumers any real privacy protections when it passed the Financial Services Act last year. By amending this act, H.R. 4332 would:

- **require financial institutions to disclose their privacy policy, namely what information they collect and why;**

- **require that consumers have access to their files and the right to make corrections;**

- **prohibit financial companies from sharing information without consumers' consent;**

- **prohibit third-party recipients from further disclosing consumer information.**

EXPAND CONSUMER PROTECTIONS AGAINST IDENTITY FRAUD

Identity fraud is a crime where someone steals a person's Social Security number to apply for credit cards and run up the charges, open telephone and other utility accounts, rent apartments, apply for loans, buy cars, set up new businesses and even declare bankruptcy. In one case, a thief applied for six new credit cards, charging more than $30,000. Unfortunately, victims spend years attempting to clear their credit reports. And in a recent national summit held by the U.S. Treasury and the Federal Trade Commission, victims testified that the have lost their ability to borrow, buy a new home, or refinance a mortgage.

Identity fraud is on the rise. The Social Security Administration received more than 30,000 complaints about the misuse of Social Security numbers last year; most of the complaints concerned identity theft. That is an increase from about 11,000 complaints in 1998 and 7,868 complaints in 1997. An identity theft hotline established last year by the Federal Trade Commission reports getting 400 calls a week. (The FTC hotline is (877) 438-4338 or on line at www.consumer.gov/idtheft). H.R. 4332 would:

- **require individual credit reports to include the fraud hotline numbers of the credit reporting bureau, each listed creditor, and the Federal Trade Commission.**

- **require publishing the consumers' right to place a fraud alert on their credit report.**

- **establish a commission that includes a governor, a mayor, the FTC chairman, a consumer representative and a business representative to develop proposals to phase out the use of Social Security numbers as identification in public records to further protect the privacy of consumers.**