

Senate to Consider ATM Fee Cap Among Proposed Amendments to Financial Reform Bill

May 14, 2010

The Senate is expected to soon consider placing a fifty-cent per transaction cap on ATM fees, as an [amendment to the financial reform bill](#). The proposed amendment, introduced last week by Senator Tom Harkin (D-Iowa) and co-sponsored by Senators Charles Schumer (D-New York) and Bernie Sanders (I-Vermont), is an effort to regulate ATM fees by “ensur[ing] that fees charged to consumers at ATMs bear a reasonable relation to the cost of processing the transaction.” By Senator Harkin’s calculations, each ATM transaction today costs only about 36 cents, yet on average, consumers pay an average of over \$2.50 to use ATMs.

Whether there should be a cap on ATM fees has been a topic of debate for years. For a recent discussion of these opposing views, see the article [Senators Push for a Cap of 50 Cents on ATM Fees](#), printed by *AOL Daily Finance*. On the one hand, consumer groups have lobbied for the elimination of ATM fees, arguing that it is unfair to charge consumers to access their own money. In addition, proponents of the amendment contend that banks and ATM operators are charging far above the amount of their operating and maintenance costs.

On the other hand, critics of the amendment question whether banks are being unfairly targeted as a result of the current economic climate and wonder whether the proposed amendment would serve consumers’ best interests. Capping fees could lead to independent ATM operator companies going out of business, the elimination of ATMs in less-traveled areas, the slowing of technological updates to ATMs, a ban on non-bank customers from using their ATMs, or increased charges for other bank services to offset bank losses.

Previous attempts by states to eliminate or limit ATM fees have been blocked by federal court rulings that local bans could not be imposed on banks with national charters.

We will keep you posted as the amendment makes its way through the Senate.