



Dennis Tanimoto
dtanimoto@hcul.org
941-0556



Gary Fujitani
gfujitani@hawaiibankers.org
524-5161

Hawaii Bankers Association and Hawaii Credit Union League Applaud Sen. Akaka's Support to Delay Federal Interchange Rule

HONOLULU, HAWAII – March 21, 2011 - The Hawaii Bankers Association and Hawaii Credit Union League are grateful to Sen. Akaka for cosponsoring the Debit Interchange Fee Study Act of 2011 (S. 575) that will delay the Federal Reserve's debit interchange rule.

“As a member of the Senate Banking Committee, Sen. Akaka has been closely involved with this legislation and we appreciate his support in seeking to allow more time for regulatory agencies and Congress to further study this issue and better understand its potentially negative impacts on consumers, financial institutions and the economy,” said Gary Fujitani, Executive Vice President of the Hawaii Bankers Association.

When Congress approved the Dodd-Frank Act last year, it contained an amendment by Sen. Richard Durbin (D-IL) that resulted in the Federal Reserve setting price controls on debit card interchange transactions. Debit card interchange is basically a fee paid by merchants to banks and credit unions which provides the revenue source to support free checking accounts, basic banking accounts to low-income individuals, fraud protection, and the efficient operation of our nation's payment system. It likewise supports constant innovation in the marketplace. The fee restrictions are deemed to be well below what is needed to support these important card services on an ongoing basis.

Dennis Tanimoto, President of the Hawaii Credit Union League, said, “There are unintended consequences to these fee restrictions and we fully endorse Sen. Akaka's views that this could ultimately make it more difficult for certain segments of our population to have needed access to mainstream financial products and services. The only ones who benefit from the proposed rule are the big-box retailers. There is nothing in the rules that requires merchants to pass along their savings to consumers.”

Fujitani added that the Fed's debit interchange rule could ultimately have a dramatic impact on the cost and convenience of debit cards, and may drive some low-income consumers out of the banking system entirely. “Additionally, the reduced revenue would adversely impact the capital position of banks of all sizes, their ability to make loans and hire people, and their ability to otherwise support a growing economy. All of this is critically important for creating new jobs and putting our economy back on track.”

The Hawaii Bankers Association is a trade organization made up of member local banks, which include: American Savings Bank, Bank of Hawaii, Bank of the Orient, Central Pacific Bank, Finance Factors, First Hawaiian Bank, Hawaii National Bank, HomeStreet Bank, Ohana Pacific Bank, Pacific Rim Bank, and Territorial Savings Bank.

The Hawaii Credit Union League (HCUL) is the trade association representing the interests of 85 credit unions in Hawaii, and their approximately 810,000 members statewide.

###