

# National Action Network



Rev. Al Sharpton, *President & Founder*

Rev. Dr. W. Franklyn Richardson, *Chairman*

April 30, 2024

The Honorable Jerome Powell, Chair  
Board of Governors, Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Chairman Powell,

As you know, Black families and communities face barriers to financial freedom and prosperity that are either not as challenging or do not exist for other communities. For example, researchers at the Federal Reserve Bank of Chicago found last year that Black households use banking services less often than white households because, while Black households often have higher demand for those services, they also have less access.

These findings illustrate our concerns about the proposal to reduce interchange fee caps under Regulation II. As well-intentioned as this proposal sounds, it would take direct aim at banking access for Black households by undermining and even defunding a critical and successful program that has opened doors to banking services for low-income Americans and communities of color.

The Bank On Program, administered by the Cities for Financial Empowerment (CFE) Fund, sets standards designed to provide banking services for people who would not otherwise have them. Bank On has broken down barriers by helping to remove high minimum balance requirements, fees, and overdraft penalties for essential products like checking accounts. It guarantees online account access and enables secure payments, allowing users to always have safe and secure banking services.

In 2019, Bank On certified 40 banking products nationwide. Today, that number is almost 450. These accounts are available in all 50 states from both large and small institutions. They are available to more than 95% of low-and middle-income households. Bank On has been a driving force in connecting people with banking services, with five million new households obtaining bank accounts between 2019 and 2021.

Bank On is an unqualified success because banks and credit unions have worked with the CFE Fund to commit resources to them. Through partnerships with local governments and community organizations, Bank On has reached people who previously could not afford a bank account – the fundamental financial tool that provides the first building block for security and prosperity.

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Under Regulation II, the resources that allow Bank On to thrive could disappear quickly. When resources become scarce, low-income Americans and people of color are the first to feel the harm. Regulators should not take for granted that a policy capping revenue for financial institutions will hurt the people who can least afford it. Regulation II would impose a cut of nearly 30% on interchange fees collected by banks and credit unions, which would surely result in fewer funds to support Bank On initiatives. The proposed cap would close doors that have only recently been opened and turn back the clock on equality and access in the U.S. banking system. While we have seen progress in recent years, Black households still make up a disproportionately large share of the unbanked population: the FDIC reported that about 14% of Black households did not have a checking or savings account, compared to 2.5% of white households.

We urge against regression. Rather than endorsing the proposed interchange fee caps outlined in Regulation II, we implore you to champion essential endeavors such as Bank On, which dismantle obstacles to banking services for marginalized individuals. For further inquiries regarding this matter, please reach out to Ebonie Riley, Senior Vice President of Policy & Strategic Partnerships at the NAN Washington Bureau, via email at [eriley@nationalactionnetwork.net](mailto:eriley@nationalactionnetwork.net) or by phone at (202) 293-3232.

Yours in Progress,

Founder & President  
National Action Network