

October 17, 2011

James Dimon  
Chairman and Chief Executive Officer  
JPMorgan Chase & Co.  
270 Park Avenue  
New York, NY 10017-2014

Re: Drop the \$3 Debit Card Usage Fee Pilot

Dear Mr. Dimon:

Recent news accounts have indicated that JP Morgan Chase Bank is testing a \$3 monthly fee on its Basic Checking Account customers in Northern Wisconsin when they make a purchase with a debit card linked to the Basic Checking Account. This fee will be charged even when consumers use the card only once in that month. Consumers Union, the public policy and advocacy division of *Consumer Reports*<sup>1</sup> believes your decision to charge consumers a new monthly fee to use their own money for debit card transactions is both ill-timed and unfair. Accordingly, on behalf of America's financial services consumers, we urge you to withdraw these plans immediately.

Consumers should not be required to pay a costly fee that appears to be arbitrary and designed to generate income rather than covering the costs of providing debit card services. Banks can still collect an approximately 24 cents from retailers every time a customer makes a debit card purchase. That's much more than the median 8 cents the Federal Reserve [estimates it costs a bank to process a debit purchase](#) when consumers use a PIN number.

JP Morgan Chase Bank plans to take dollars from consumers it says it lost when the Federal Reserve decided that banks could not charge retailers high and anticompetitive debit interchange fees to process debit card transactions. Not only is JP Morgan Chase Bank trying to make up for ill-gotten profits by heaping a new fee on consumers, it is doing so even though the bank actually saves money when consumers rely more on debit cards instead of paper checks, which are more costly for JP Morgan Chase Bank to process.

The public wants to know why it is that you plan to charge your customers \$3 monthly, or \$36 per year, more to access their own money, especially when taxpayers rescued JP Morgan Chase Bank with a \$25 billion loan just a few years ago. It seems unjust and indefensible for JP Morgan Chase Bank to now levy a costly new fee on consumers in a struggling economy, especially when the fee is not related to the cost of providing the service. This fee is especially egregious, imposed as it is during a weak economy, when many consumers are struggling to keep afloat.

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<sup>1</sup> Consumer Reports is the world's largest independent product-testing organization. Using its more than 50 labs, auto test center, and survey research center, the nonprofit rates thousands of products and services annually. Founded in 1936, Consumer Reports has over 8 million subscribers to its magazine, website, and other publications. Its advocacy division, Consumers Union, works for health reform, food and product safety, financial reform, and other consumer issues in Washington, D.C., the states, and in the marketplace.

Two weeks ago, Consumers Union urged Congress and Federal regulators to investigate these controversial new debit card usage fees. We also gave consumers an opportunity to tell members of Congress what they think about the new fee. Within 24 hours of sending out our e-mail action alert, nearly 40,000 consumers heeded our call and sent a message to their representative calling for an investigation. We hope Congress and Federal regulators will get to the bottom of this unfair debit card fee. But JP Morgan Chase Bank need not wait until an investigation is underway to reverse its plans. Consumers Union urges you to act now to do what is right and to do what is responsible—immediately withdraw your plans to charge checking account customers \$3 to use their debit card for purchases.

Make no mistake about it. American consumers are outraged by JP Morgan Chase Bank's ploy to convince the public that this fee is necessary because of new regulations. Now that banks must disclose all their fees up front, consumers can objectively decide for themselves whether you are telling the truth and we are hearing that consumers do not like what they see. One consumer we heard from said it best: "I am tired of the banks and other financial institutions trying to collect more than their fair share." We couldn't agree more. We urge you to reverse your decision to impose a \$3 monthly fee on your debit card customers. Consumers will thank you for it.

Please respond to our letter by November 2, 2011 to advise us of your position.

You may contact me by telephone at (415) 431-6747, ext. 122 or by email at [ngarcia@consumer.org](mailto:ngarcia@consumer.org).

Very truly yours,

A handwritten signature in cursive script that reads "Norma P. Garcia". The signature is written in black ink and is positioned to the left of the typed name.

Norma P. Garcia  
Senior Attorney  
Manager, Financial Services Program  
Consumers Union