

LETTERS TO THE EDITOR COMMENTARY

# Junk fees on financial transactions help Wall Street and hurt working families. Congress should ban them.

Who among us has not been surprised by a fee on a failed bank transaction, or an unexpected surcharge when renting a car or checking out of a hotel? Illinois Treasurer Mike Frerichs writes that these hidden junk fees should be banned.

By Letters to the Editor | Feb 21, 2024, 6:00am CST



A street sign for Wall Street. The White House wants to ban certain junk fees that only enrich Wall Street and hurt working families, the Illinois state treasurer writes. | Sun-Times file

As the Illinois State Treasurer, I work to help people invest and grow their savings. We also fight to make sure those accounts aren't nickel-and-dimed by unnecessary fees.

The White House recently proposed banning another type of junk fee that serves only to harm hardworking families in Illinois while fattening the bottom line of Wall Street banks.

It is important to me how banks and other institutions treat families who want nothing more than to save a little money for the future. Attacking junk fees is a wise and simple step.

Specifically, the proposal seeks to eliminate certain fees that are charged when a person tries to withdraw money, send a payment, or make a purchase that is immediately declined because of insufficient funds. For example, when a customer tries to buy \$100 in groceries, but there only is \$90 in the bank account, the transaction is declined.

Although neither the bank nor grocery lost money, the individual typically is charged \$34 for the failed transaction, according to the Consumer Financial Protection Bureau.

That, quite simply, is unfair.

It's not just banks. These hidden fees cost families tens of billions of dollars each year, according to the White House. Who among us has not been surprised by an unexpected surcharge when renting a car, checking out of a hotel, or even buying a ticket to a concert or baseball game?

These fees need to end, and we all need to do our part. For me, it means fighting for families when these faceless corporate behemoths steamroll our hard-working neighbors.

Consider the ubiquitous rebate card. At first, it seems a surprise gift that slides easily into a wallet or purse, where it is quickly forgotten. However, the card issuer doesn't forget and quietly charges an inactivity fee that surprises you at the check-out line. This is tantamount to theft, and it is why we convinced lawmakers to outlaw the practice.

Opponents describe these fees as small, but they collectively add up to billions, and they often are collected from people who can least afford them. I ask Congress to side with the people who work hard every day over the special interests of Wall Street.

*Mike Frerichs, Illinois state treasurer*