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Press Release

Democratic Lawmakers Ask Big Bank CEOs to Explain Student Debit Card Deals with Colleges

September 27, 2013

Washington, D.C. – Democratic lawmakers in the House and Senate today expressed deep concern over financial arrangements between colleges and banks that could steer financially-strapped students into fee-laden debit cards that increase the costs of college. In letters sent to some of the nation's largest banks, the legislators ask bank executives to explain the scope of any such arrangements, how much money the deals pay to colleges, and how much in fees are charged to students. Policymakers question whether these deals, which appear to benefit banks and colleges, unnecessarily push financial aid dependent students deeper in debt.

As student debt surpasses \$1.12 trillion, the letters, signed by **Representative George Miller (D-Calif.)**, the senior Democrat on the House Education and the Workforce Committee, **Senator Dick Durbin (D-Ill.)**, the Assistant Senate Majority Leader, **Representative Maxine Waters (D-Calif.)**, the senior Democrat on the House Financial Services Committee, **Senator Sherrod Brown (D-Ohio)** Chairman of the Senate Banking Subcommittee on Financial Institutions and Consumer Protection, **Representative Louise M. Slaughter (D-N.Y.)**, the senior Democrat on the House Committee on Rules, **Senator Elizabeth Warren (D-Mass.)**, member of the Senate Banking Committee, and **Representative Peter Welch (D-Vt.)**, House Chief Deputy Whip, also ask executives to explain whether the marketing strategy for these arrangements, such as linking checking and debit accounts to college student ID cards, includes monetary or non-monetary gifts to college officials or other employees.

"When students are forced to pay unnecessary or exorbitant fees that bolster bank profits it makes college more expensive, particularly when those fees eat up financial aid dollars that are intended to help students pay their bills," **the lawmakers wrote**. "At a time when college costs are increasing and college students are drowning in debt, the federal government must ensure the integrity of student financial aid programs and step in if financial aid dollars are being diverted through deceptive or predatory practices."

According to an ABC News investigation aired earlier this month, multi-million dollar exclusive financial agreements between big banks and college campuses could subject students to deceptive marketing and expose them to numerous hidden charges. In addition, a 2012 report from the U.S. Public Interest Research Group (U.S. PIRG) found that more than 9 million students across the country are at risk of being nickle-and-dimed with fees because their debit cards may come with high user fees, hidden transaction costs and insufficient consumer protections – adding to the mountain of debt many higher-education students must take on.

"Numerous recent reports raise new concerns that financial institutions are once again going after college students and offering colleges financial incentives to hand over the keys to the campus," **continued the lawmakers**. "It is unfortunate to see that some institutions haven't learned from past missteps and are repeating these troubling practices."

Congressional Democrats are committed to keeping higher education within reach for every American. Today's letters underscore the long-standing legislative and oversight efforts of Congressional Democrats to protect our nation's college students from excessive fees and predatory practices

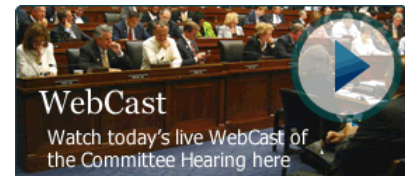
The **letter below was sent** to Wells Fargo, US Bancorp, PNC Financial Services Group, SunTrust Banks, Inc., TCF Bank, Citigroup, Huntington Bancshares Incorporated, Commerce Bancshares, Inc., and Higher One Holdings, Inc. to ask whether these banks engage in these practices.

September 26, 2013

This fall, millions of students will rely on the Federal student aid program to achieve their dream of a college education. Last year, the federal government lent \$105 billion to over 11 million recipients. At a time when college costs are increasing and college students are drowning in debt, the federal government must ensure the integrity of student financial aid programs and step in if financial aid dollars are being diverted through deceptive or predatory practices.

A recent ABC News investigative report suggested that financial institutions are paying colleges and universities millions of dollars to get exclusive access to market debit card and checking account products to American college students. These lucrative deals are great for banks and great for colleges, but students can get hurt when they are steered into financial products that carry high fees. When students are forced to pay unnecessary or exorbitant fees that bolster bank profits it makes college more expensive, particularly when those fees eat up financial aid dollars that are intended to help students pay their bills.

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When credit card companies and student lenders offered kickbacks and gifts to colleges in exchange for the ability to heavily market their products to college students on campus – often requiring the schools to endorse or recommend the financial products – Congress took action to protect students. These recent reports raise new concerns that financial institutions are once again going after college students and offering colleges financial incentives to hand over the keys to the campus. It is unfortunate to see that some institutions haven't learned from past missteps and are repeating these troubling practices.

A 2012 report by the U.S. Public Interest Research Group suggested that more than 9 million students across the country are at risk of being nicked-and-dimed with fees through campus debit card partnerships. We understand your institution has maintained debit card arrangements with colleges and universities. Policymakers and the public need to be confident that Title IV student aid funds are not being diverted to pay fees to banks or kickbacks to colleges. In our continuing effort to better understand the arrangements and practices associated with campus financial products, we ask that you please provide the following information:

- (1) A list of institutions of higher education where you currently have an agreement to enroll students in any deposit account or prepaid debit account and where your marketing, materials or financial instruments used to access such accounts are co-branded with a college or university logo, symbol, mascot or name.
- (2) The number of accounts opened through agreements at each institution of higher education listed from the previous question, and the total fees collected from such accounts over the last three academic years.
- (3) The total value of monetary and non-monetary remuneration provided to such institutions of higher education for the marketing of these products over each of the last three academic years.
- (4) Whether any of your institution's employees or agents have ever provided any monetary or non-monetary gift to an employee or agent of an institution of higher education, including meals, entertainment, gift cards, or compensation for an advisory committee above a \$10 value as part of your marketing strategy over the past three academic years.

Thank you in advance for your attention to this request. Should you have any questions, please contact Rich Williams in Representative Miller's office, Dan Swanson in Senator Durbin's office, Corey Frayer in Representative Waters' office, Julie Morgan in Senator Warren's office, Graham Steele in Senator Brown's office, Patrick Satalin in Representative Welch's office, and Stefanie Winzeler in Representative Slaughter's office.

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Committee on Financial Services • B301C Rayburn House Office Building • Washington, DC 20515 • (202) 225-4247

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