

Opening Statement – Ranking Member Sherrod Brown
9.25.2019 – Facilitating Faster Payments in the U.S

Thank you, Chairman Crapo, and thank you to our witnesses.

Whether it's Facebook thinking it can run its own currency, or big banks wanting a monopoly over our payment system, we can't allow corporations to take over critical public infrastructure, so they can squeeze more profits out of working families.

Whether you punch a clock or swipe a badge, every working American knows how important payday is. It's often the day you know you can pay your bills and make rent. But sometimes payday doesn't line up with the day your bills are due. And if that means a delay in paying the bills, banks will pile on late fees and overdraft charges, so it is even harder to make ends meet.

Recently, the Federal Reserve Board announced that it will develop a system to provide payments in real time. This is great news for millions of Americans who live paycheck to paycheck – for anyone who has waited for a check to clear or had to resort to a payday lender on Friday to tide them over until Monday. Faster payments will allow Americans to actually use more of the money they've already earned.

But while some of us see a problem to solve for working families, the biggest Wall Street and foreign banks see what they always do – dollar signs. They see another way to squeeze more profits out of the rest of us.

That's why they don't want the Fed to be involved. They built their own real time payment system on top of existing Federal Reserve infrastructure, but we really don't know how it's governed, how much it would cost, or how they plan to skim more profits off the top for themselves.

We can't trust that the big banks won't charge more to community banks and credit unions. They've already changed their mind on their prices once, and there's no guarantee they won't change their minds again.

These big banks oppose the Fed's efforts because they want to be the only game in town. They want a monopoly.

We know what happens when we trust Wall Street.

Eleven years ago this month, Lehman Brothers failed, sparking the worst financial crisis since the Great Depression. Many of the big banks that are now asking for a monopoly over the real time payments system are the same Wall Street banks that wrecked our financial system and came begging for billions in taxpayer money to save them.

And let's be clear – they haven't exactly cleaned up their act.

These same banks, like Wells Fargo, Bank of America, and Deutsche Bank, have been involved in scandal after scandal, creating fake accounts for customers, illegally foreclosing on servicemembers' homes, violating U.S. sanctions laws – it goes on and on. It seems like there's a new scandal every day. Capital One just suffered a huge data breach, exposing millions of customers' personal data.

And remember those overdraft fees and late fees and transfer fees that we're trying to protect workers from? It's these same big banks that slap on those fees. They created this problem, now they want to charge people again to solve it.

To make matters worse, this Administration is rolling back the safeguards we put in place to protect working families from the risky Wall Street activities that crashed our economy.

It was another financial crisis over 100 years ago that led us to create the Federal Reserve, to clear payments and govern our currency. Congress recognized the high fees and abuses going on in our payment system and understood that we needed a publicly-run central bank to provide financial stability and fair access to the payment system. In the words of Representative Carter Glass, they "sought to tear down these tollgates upon the highways of commerce."

That's how we should think about the payment system – as the highways of commerce that support every dollar that fuels our economy. Just like roads and bridges, the payment system is critical public infrastructure – something that everyone should be able to use. We can't let profit-motivated big banks – banks whose only mission is to serve their shareholders, not ordinary Americans – have a monopoly over it.

This committee has heard a lot this year about big corporations taking advantage of us through the smokescreen of new technology and innovation.

In our data privacy hearings, we heard about big tech companies and financial firms manipulating us into sharing our personal data so they can profit.

Facebook dodged our questions about its plans to run its own digital currency out of a Swiss bank account – showing yet again that we can't trust them.

We cannot allow big corporations to take over critical public infrastructure. The largest banks and tech companies are not acting in the interest of working Americans. Their only interest is to turn a profit for themselves and their investors.

But the Fed's interest here is not to make a profit – it's to make sure everyone can pay their bills on time and transfer money when they need it, whether they're in a rural town or a big city.

The Fed's real time payment system will benefit working families, small banks and credit unions, small businesses, and the public as a whole – and everyone except Wall Street agrees.

Thank you, and I look forward to hearing from our witnesses.