Resolution in Opposition to Government Imposed Caps or Elimination of ATM Service Charges

Summary

This resolution opposes government imposed caps or elimination of ATM service charges. ATMs are widely used machines that many consumers rely upon to conveniently bank 24 hrs per day. These machines were originally installed to reduce reliance on tellers and have proliferated because of financial support derived from particular fees for usage. In any case, government imposed caps on ATM fees and surcharges are price controls, which violate the principles of free enterprise.

Model Resolution

WHEREAS, ATM owners have revolutionized personal banking by providing consumers access to banking services 24 hours per day, seven days per week and ATM networks provide consumers access to their money nationwide and worldwide; and

WHEREAS, Most banks allow free, unlimited ATM usage for their own customers; and

WHEREAS, since April of 1996, when ATM networks began to allow ATM owners to charge non-customers for transactions, the number of ATMs nationwide has increased by 85%; and

WHEREAS, the consulting firm of McKinsey & Co. found that banks have spent $1.5 billion to operate ATMs and have saved $200 million on the cost of using tellers as a result of growing ATM usage; and

WHEREAS, Between 1991 and 1995, the federal reserve board estimates that average ATMs generated $10,445 more in expenses than in income; and

WHEREAS, some ATM owners and network operators charge fees and surcharges to consumers to help them cover the costs of operating ATMs; and

WHEREAS, Before ATM surcharges, 3,000 transactions per month for small ATM operators were required for them to break even; and

WHEREAS, Now it only takes these same operators 500 transactions per month to break even; and

WHEREAS, Prohibiting ATM fees and surcharges would reduce the number and locations of ATMs because of the high costs of owning and operating these machines, thereby reducing customer convenience and choice in using personal banking services; or

WHEREAS, ATM owners would be forced to pass the costs of operating ATMs to other customers who may not be ATM users but would end up subsidizing those who do use them; and

WHEREAS, ATM surcharges and others fees are really fees used for different purposes and not double dipping as some critics of ATM fees contend; and

WHEREAS, Consumers are provided other methods such as traveling to a bank or utilizing a point of sale installation to complete their cash transactions; and

WHEREAS, Consumers and not the government should decide whether or not they want to pay for the convenience of using ATMs; and

WHEREAS, Such a government imposed prohibition would amount to levying a time tax on consumers by denying them the opportunity to use convenient ATMs and forcing them to travel, in some cases, long distances to complete banking transactions; and

WHEREAS, Such a government imposed prohibition represents a price control that flies in the face of free market principles;

NOW THEREFORE BE IT RESOLVED, that ALEC opposes the practice of government at any level limiting or eliminating any ATM fees or surcharges; and

BE IT FURTHER RESOLVED, that the clerk (of the House or Senate) transmit copies
BE IT FURTHER RESOLVED, that the clerk (of the House or Senate) transmit copies of this resolution to the President and Vice President of the United States and to each member of Congress of the United States.