

Consumer groups have raised very credible arguments that the annual bank fee reports are more necessary now than at any time in the past to determine what effect more rapid consolidation among financial services providers is having on consumers—whether the costs of mergers and acquisition are being passed on to consumers and whether consumers realize any of the promised cost benefits of financial modernization.

I have also found the Federal Reserve's annual fee reports to be the only official source of information documenting several extremely important changes within the retail banking sector. In recent years, non-interest income from fees and services has replaced interest income as the major contributor to the record levels of bank profits. In the past three years alone, bank non-interest income has increased on average by 18 percent, with interest income growing by roughly 4 percent annually. Non-interest income has quickly replaced traditional interest charges as the major contributor to bank earnings. As a result, banks of all sizes have sought out new sources of fee income to maintain earnings as greater competition among lenders has shrunk bank lending margins.

These changes have prompted banks and thrift institutions to institute a pay-for-service approach to basic banking and a "penalty pricing" approach to credit cards and ATMs that have generated significant new revenue for banks while antagonizing increasing numbers of consumers. The Federal Reserve Board's annual reports have documented these changes, showing significant and steady growth in over 20 categories of banking service fees. The report has also shown substantially higher average growth in fees among larger multi-state banks and thrifts than among smaller local institutions. This has provided important comparison shopping information for consumers and may help explain why many of the nation's largest banking institutions support the Board's decision to eliminate these reports.

Given the changing financial marketplace and the marked changes in retail banking services, the information provided in the bank fee reports is more important now than at any time in the past decade. It should be Congress, not the Federal Reserve Board, that determines when the information provided in these annual reports is no longer needed by Congress or relevant to consumers.

My legislation, the "Annual Banking Fee Survey Extension Act," proposes two changes in current law to assure that the Federal Reserve Board continues reporting annually to Congress on the cost and availability of retail banking services until such time that Congress determines it is no longer relevant or necessary. First, it amends the Federal Reports Elimination and Sunset Act of 19956 to exempt the annual bank fee reports from the discretionary authority provided the Federal Reserve Board to discontinue outdated or unnecessary reporting requirements. Second, it amends the 1994 Riegle-Neal Interstate Branching Act to repeal a provision that would sunset aspects of the fee study requirement in late 2001.

In addition, the bill expands the mandate for annual fee reporting to include the fees for retail services charged by credit unions. Past surveys and reports have included only the fees charged by bank and thrift institutions. A large and growing segment of our population currently obtains checking and other financial services from credit unions. Inclusion of credit union fees would make the annual reports more broadly representative of the broader consumer marketplace. It would also document differences in costs between banks, thrifts and credit unions that will enhance competition and benefit consumers.

My legislation also expands the focus of the annual fee studies to include various fees and charges associated with credit cards. Past fee reports have included data only on basic checking and savings account services and only those additional fees specifically requested by statute, such as fees associated with ATM transactions. Institutions that offer credit cards now impose a large and growing array of charges and penalties, such as late payment fees, annual fees, over-the-limit fees, cash advance fees, convenience check fees, foreign currency conversion fees, and many more. I have received more complaints from my constituents about credit card fees than all other banking fees combined. Credit cards, in general, are one of the foremost concerns among consumers in my district and, I believe, among consumers in all parts of the country. The fees and penalties charged in connection with credit cards clearly should be incorporated in any future study of retail banking costs.

Mr. Speaker, the financial marketplace has changed dramatically over the past half decade and will continue to change in response to the landmark financial modernization legislation we enacted last year. It is imperative that Congress have all the information necessary to assess whether these changes will enhance the services available to consumers or only benefits financial institutions at the expense of consumers. My legislation merely extends Congress' prior request for annual reporting on banking fees and costs. This is reasonable and responsible legislation that Congress should enact before adjournment this year.

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HONG KONG TRANSITION TASK  
FORCE

**HON. DOUG BEREUTER**

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 28, 2000*

Mr. BEREUTER. Mr. Speaker, following his visit to Hong Kong in April 1997, Speaker Gingrich tasked this Member with the responsibility of creating the Speaker's Task Force on the Hong Kong Transition and of observing and reporting on Hong Kong's status following its return to the People's Republic of China. The Task Force is bipartisan in nature and all members of it have been drawn from the Subcommittee on Asia and the Pacific, of which this Member is the Chairman.

On behalf of the Task Force, this Member would like to inform his colleagues that the

eighth report of the Speaker's Task Force on the Hong Kong Transition has been filed. In summary, the Task Force continues to believe that the transition has progressed satisfactorily, although concerns remain in areas such as press self-censorship and controls, export controls and most notably, rule of law. The recent controversial remarks by Chinese officials warning against press coverage of issues regarding Taiwan and of business support for Taiwan independence have been a concern, as has the issue of judicial independence and the rule of law as a result of the "right of abode" case. These issues will need to be watched closely.

Hong Kong's political system continues to evolve, although progress towards further democratization has not been as rapid as many would like. The Hong Kong press remains free and continues to comment critically on the People's Republic of China (PRC), although threatening remarks by PRC officials in reference to press coverage related to Taiwan is worrisome. Public demonstrations continue to be held. Indeed, there is a vigorous public debate on the issues of democracy and law. The legislature and free press have used their roles to increase government accountability and transparency.

Mr. Speaker, a copy of the Task Force's eighth report is available on the internet website of the Subcommittee on Asia and the Pacific: [www.house.gov/international\\_relations/ap/ap.htm](http://www.house.gov/international_relations/ap/ap.htm). It is also available in hard-copy from the Subcommittee office.

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REPUBLIC OF CHINA'S NATIONAL  
DAY

**HON. PETER T. KING**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, September 28, 2000*

Mr. KING. Mr. Speaker, as President Chen Shui-bian, Vice President Annette Lu and the people of the Republic of China prepare to celebrate their National Day on October 10, 2000, I wish to extend to them my congratulations.

The Republic of China on Taiwan has a lot to be proud of. Taiwan's economy is very strong. For instance, export orders reached US \$74 billion from January to June, up 21 percent from the same period last year. In June of this year, exports and imports enjoyed almost 25 percent growth from the year-earlier period. It is the government's policy to continue to develop Taiwan's new economy based on information and high technologies. Furthermore, Taiwan's citizens enjoy one of the highest living standards in the world. Politically, Taiwan is a true democracy with free island-wide elections, press independence and political pluralism.

Mr. Speaker, Taiwan is a model of success for many countries in the world, and we need to give Taiwan our approbation and support.