

Thank you for the opportunity to speak today regarding the proposed Capital One Financial Corporation and Discover Financial Services merger.

My name is Ashley Nowicki and I'm a policy analyst at the American Economic Liberties Project, a non-partisan organization focused on addressing concentrated economic power across the economy, including the financial services sector.

We have previously raised alarms about banking concentration, and Visa and Mastercard's anticompetitive duopoly in the payment network market. The proposed Capital One-Discover merger would further exacerbate existing concentration issues, reducing competition and harming consumers, small businesses, workers, and marginalized communities nationwide. We urge you to block this illegal deal.

This deal would boost Capital One's footprint and market power in the banking and credit card markets, creating the sixth largest bank and single largest credit card issuer. This would allow the company to increase bank and credit card fees, interest rates, and reduce access to credit. It will also likely lead to a layoff of over 1,000 Discover jobs, upending lives and communities.

It would also allow Capital One to own every part of the ecosystem, circumventing the 2010 Dodd-Frank Act's Durbin Amendment, which caps debit card interchange fees and requires issuers to offer multiple competing networks to incentivize price competition. Capital One intends to shift its entire debit volume from Mastercard to Discover to exploit this loophole, while leaving its credit card volume untouched. This will allow Capital One to hike "swipe" fees to pad the company's profits.

Capital One and supporters of this deal claim the absorption of Discover is "pro-competitive," as it will allegedly allow the company to scale up to compete with Visa and Mastercard in the payment network market. However, this argument defies reality and legality. As we have seen with the airline and telecommunications industries, as markets become more consolidated, the public pays the price.

Capital One has alternative options for competing with Visa and Mastercard, including simple contractual arrangements with Discover. Instead, Capital One is using the payment network duopoly as an excuse to further its monopoly power.

Recent decisions by the Fed and OCC have furthered concentration in these markets and threatened economic stability. This includes rubber stamping JPMorgan Chase's acquisition of First Republic, and New York Community Bank's acquisition of Signature Bank. The asset value

of a Capital One-Discover merger is also over 13 times larger than OCC guidelines say is reasonable. We urge you to not repeat past mistakes.

This topic is personal for me, as regulators' decision to bail out Wall Street at the expense of everyday Americans during the financial crisis resulted in my parents' home being foreclosed on, completely altering our lives. Because of this experience, I want to emphasize that this is not just a policy decision. Whether the Federal Reserve, OCC, and other regulators allow for further bank consolidation or not will impact millions of people. Americans cannot afford to live with the consequences of your agencies getting it wrong yet again. Thank you.