

Tester shoots down Brown's plan for Fed-run bank accounts

By Zachary Warmbrodt

Sen. [Jon Tester](#) on Wednesday rejected a proposal by Senate Banking Chair [Sherrod Brown](#) to have the Federal Reserve create a new system of consumer checking accounts, warning that the plan to help unbanked Americans has little hope of advancing.

Tester, a moderate Montana Democrat and senior member of the banking panel, said he was not inclined to support efforts that would have the government create a bank account system.

"I honestly don't think they're going to have a lot of traction," he said during an event hosted by the Consumer Bankers Association.

Brown, an Ohio Democrat, has proposed "FedAccounts" legislation that would see the Fed set up accounts that consumers could access without fees via traditional banks or post offices. Brown has pitched the idea as a way to provide safe financial services to Americans who aren't using traditional banks. The FDIC estimates that about 7 million households don't have bank accounts.

Tester's comments represent a huge blow to Brown's efforts and signal that the plan will face resistance in his own committee.

Bank lobbyists have been preparing to fight back with warnings that they don't want the government to displace private bank offerings and that the industry is best positioned to reach underserved Americans. Tester was one of the key lawmakers behind a 2018 law that eased bank regulations over Brown's objections.

"What we've seen is a healthy banking sector," Tester said. "We should talk about how to get more un- and under-banked folks access to financial services.... But quite frankly, I think to pull off the post offices or the Federal Reserve banking policies — I don't think it's going to have much life."