Why the Banks Are Failing Us

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We depend on big businesses, *especially* upon banks. We pay for our food, clothing, medicines, and much else with little plastic cards from our banks. So when those cards stop working, all of a sudden — without warning — our hearts are going to do a bit more than beat just a little faster.

Why would there be big hiccups at all?

As Brian Doherty remarks at *Reason*, it's not just "frustrating when those businesses make seemingly arbitrary decisions that cripple your ability to function in a modern economy," it's *hard to understand*. After all, "the incentives of businesses are to, well, do business with customers."

Why would banks, then, increasingly treat customers badly?

I'm not talking about the allegedly transient snag in the direct deposit system last week — apparently due to human error — but something more persistent, if scattershot.

Doherty found an answer in *The New York Times*, in an article "giving infuriating details of innocent Americans being cut off by their banks."

It should not shock the reader, Mr. Doherty explains, revealing: "the real cause of the banks' seemingly arbitrary behavior is government rules designed to make sure it knows everything it can about citizens' banking business, to discourage big cash transactions, and to ensure businesses the government disapproves of have as difficult a time as possible without being explicitly banned."

Nearly ten years ago I wrote about it in a discussion of Operation Choke Point. Since then, in the words of the *New York Times*, "a vast security apparatus has kicked into gear, starting with regulators in Washington and trickling down to bank security managers and branch staff eyeballing customers."

Who'll be next?

This is Common Sense. I'm Paul Jacob.