

From: Randolph Brooks Federal Credit Union, Lisa F Beach
Subject: Reg I I - Debit card Interchange

Comments:

Date: Feb 01, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing
Document ID: R-1404
Document Version: 1
Release Date: 12/16/2010
Name: Lisa F Beach
Affiliation: Randolph Brooks Federal Credit Union
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

I am writing today on behalf of Randolph-Brooks Federal Credit Union and our 300,000+ members today to urge you to weigh in with the Federal Reserve and Congressional leadership about the proposed debit interchange price cap issued by the Federal Reserve Board last month and its negative impact on credit unions and their members in your district. The proposed rule, issued as a product of the "Durbin Amendment" which was included in the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), which was not debated in a single Congressional hearing, allowed the Federal Reserve to regulate and cap interchange fees on debit cards. Please tell the Federal Reserve to reconsider its proposed rule, and ask Congressional leadership to be ready to act if it doesn't. While supporters of the Durbin Amendment touted a "small institution exemption" for credit unions under \$10 billion in assets, it is very likely that smaller institutions will see the market drive their fees to a new "capped" rate. The Federal Reserve proposal released in December may ultimately cap debit interchange fees at a rate as low as 7 cents per transaction. Furthermore, even the Federal Reserve staff has acknowledged that it is possible that the card companies will set the same uniform rates for all issuing institutions regardless of size. Make no mistake - this fee reduction of up to 80% will devastate my credit union and the 92 million credit union members across the country. It is important to realize that interchange helps credit unions like mine not only establish and run an electronic payment system, but also cover the cost of fraud and data security. Even when a data breach occurs and a merchant is clearly at fault, it is still the financial institution that is responsible for making the consumer whole. The costs associated with data breaches are immense, and the draconian cut in the debit interchange fee proposed by the Federal Reserve will inevitably hurt our members-your constituents-and credit unions alike. In addition to urging change on the Federal Reserve's proposed debit interchange rule, the 112th Congress should

explore a reasonable and equitable way to require merchants to be held accountable for costs of data breaches that result from their own neglect. I thank you for your attention to this issue.