

From: Air Force Federal Credit Union, Cathy A. Miller
Subject: Reg I I - Debit card Interchange

Comments:

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington D.C., 20551

Dear Ms. Johnson and Governors:

My name is Cathy Miller and I am the Vice President, Member Services of Air Force Federal Credit Union in San Antonio, TX. We serve approx. 45,000 members who are primarily members of the military and their families. We are a small credit union with total assets of approx. \$309 million. I am writing to express my concern over the currently proposed regulation that would implement regulation on interchange.

I am afraid without the interchange we would be forced to charge service fees to our members for services that are now offered free. We as a credit union would not be able to absorb the loss without having to make up the income in some other way. Just because we are small does not mean it would not affect us. Do you honestly think that your larger institutions would not be able to woe away businesses such as Wal Mart, Target and other large businesses and make it to where the business would only take preferred debit cards and as a small credit union you can bet our card would not be one of the preferred cards? Congress seems to think it will make things better to exclude small financial institutions and it will make the playing field fairer. (Not So)

The proposal contains two alternatives for routing transactions. One alternative would require two unaffiliated networks while alternative B would require four. Alternative B would only drive up the costs of operation especially to smaller issuers such as us. To require four networks places an undue regulatory burden that falls squarely on smaller issuers.

Respectfully,

Cathy A. Miller
Vice President, Member Services
Air Force Federal Credit Union

"Your One Financial Partner"