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Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Comments:

Government should not control pricing; allow the free market system to do what it is structured to do. If enacted as presented, I do not see a protection in the law for smaller institutions if the card companies (VISA, etc). don't carve out exemptions that the merchants have to follow as far as network options. So, I see a large impact on earnings even at the smaller financial institutions. If estimates of loss of revenue that have been in the press come to fruition, my credit union could stand to lose about \$1.5 million, or 75% of their 2010 net income. And this isn't a one-time hit - it will continue to occur year after year. How will we be able to continue to operate if earnings are reduced that much when our members are expecting us to provide a full range of services, through a full range of access option? If we choose to introduce fees for these services, then is the consumer really benefitting from this regulation? Results from other countries - Canada and Australia - show that the consumer DOES NOT receive the benefit, but rather the merchant captures the benefit that's built into the legislation. With the merchants not having to bear costs concerning fraud and other losses, I feel that consumers will ultimately pay for this as well, most likely through higher fees, some of which are already being put into place.

Unless you can implement this law in such a way as to be absolutely sure that the consumer receives the entire benefit, then I feel you haven't fulfilled the intent of the law.