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Subject: Reg I I - Debit card Interchange

Comments:

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Comments:
I am opposed to the proposed changes to the Interchange structure. I work for a credit union and have seen the challenges it has faced in the past few years due to the level of unemployment, home foreclosures, bankruptcies, etc. Our Credit Union is passionate about helping our members, and with no stockholders all of our earnings go to our required reserves or back to our members - via lower loan rates or higher dividends. Currently merchants are not liable for card transactions where fraud has occured - the financial burden is passed to the FI who was not present for the transaction yet is required to absorb the loss - and the FI makes the member whole, not the merchant. When merchant or data processor data breaches happen as they have in the past (Heartland, TJX), FI's absorb the costs of reissing cards, blocking affected cards, using its own resources to contact members, etc. Supporters of the interchange changes must realize that if these earnings disappear for FI's, to
remain financially strong they will have to compensate elsewhere. I feel it is unwise for the legislature to dictate business pricing, as the full understanding of the ramifications to consumers cannot be completely forecasted. I understand the assumption is that merchants will lower prices - but without some sort of mandate how will this be assured? What would behoove the merchant to lower prices as opposed to simply realizing more profit? And if indeed merchants did not reduce prices, and the interchange changes do not impact the customer directly at the point-of-sale, why would merchants be expected to add more workers (there will be no increase in sales)?