



**National Association of Federal Credit Unions**

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**Fred R. Becker, Jr.**  
*President and CEO*

January 7, 2011

The Honorable Ben S. Bernanke  
Chairman of the Board  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Chairman Bernanke:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions (FCU), I am writing regarding the Board's recent proposed rule on interchange fees and network routing requirements. First and foremost, it appears that despite Congressional intent to the contrary, price caps on debit card interchange fees will ultimately impact all institutions, regardless of their size. It also appears that the proposal regarding network exclusivity and routing restrictions will directly impact all debit card issuers, regardless of size. The imposition of price caps and application of exclusivity and routing restriction to all institutions are of significant concern to us.

We are also particularly concerned with the aspect of the rule that might require debit cards to have as many as four PIN and signature networks available for routing transactions. As the Board said in its proposal discussing the two potential alternatives;

“enabling multiple signature debit networks on a debit card could require the replacement or reprogramming of millions of merchant terminals as well as substantial changes to software and hardware for networks, issuers, acquirers and processors in order to build the necessary systems capability to support multiple signature debit networks for a particular debit card transaction.” Debit Card Interchange fees and Routing, 75 Fed. Reg. 81722, 81749 (Dec. 28, 2010).

Further, the Board also recognized that this matter would likely be particularly problematic for smaller debit card issuers. Id. Either of the two alternatives proposed by the Board are

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likely to impose considerable cost on small issuers while simultaneously creating new operational issues. Again, the Board eloquently acknowledged this reality, stating, “an issuer may prefer to offer a single payment card network (or the network’s affiliates) on its debit cards to reduce its processing costs or for operational simplicity” while admitting that the statute precludes those sorts of considerations going forward. Id. at 8175. We hope the Board keeps these concerns at the forefront as it moves forward with the rulemaking process.

NAFCU appreciates this opportunity to share its concerns on this important issue. If you have any questions on this or any other matter, please have your office contact me or Dillon Shea, NAFCU’s Associate Director of Regulatory Affairs, at [dshea@nafcu.org](mailto:dshea@nafcu.org) or by telephone at 703-842-2212.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Becker, Jr.', with a large, sweeping flourish extending to the right.

Fred R. Becker, Jr.  
President/CEO