



Office of the President

March 30, 2009

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

Re: Docket No. R-1343; Electronic Fund Transfers

Dear Ms. Johnson:

Navy Federal Credit Union provides comments on the Federal Reserve Board's (Board) proposed changes to Regulation E, which implements the Electronic Fund Transfer Act.

The substance of the current proposal was previously considered under the Federal Trade Commission Act as unfair and deceptive acts and practices. Now, it is issued under the Board's authority derived from the Electronic Fund Transfer Act. We support the elimination of acts and practices that are truly unfair or deceptive; however, we firmly oppose unwarranted controls on fees and other features of electronic services and products. Perceived benefits of the proposal do not outweigh the costs of compliance. It may also encourage irresponsible spending habits. Not-for-profit credit unions must pass the costs of this proposal directly to their consumer-members in the form of higher fees or less favorable rates. If implemented, the proposal will hurt the very consumers it purports to help. We respectfully ask the Board to withdraw the proposal.

If the Board does not choose to withdraw the proposal, we strongly support the retention of the proposed "Exceptions to the notice and opt-out requirement" specified in section 205.17(b), paragraph (4) and "Exceptions to the fee prohibition," Paragraph (5). Without the exceptions, the proposal is completely unworkable and would be very confusing to consumers. Additionally, we believe retention of proposed provisions for both opt-out and opt-in would give needed flexibility for effectively serving consumers. We also strongly urge the Board to give adequate lead time for the industry to make the changes necessary to implement the rule changes. Many of the recommended changes would require extensive system changes at financial institutions, debit processors, and networks.

Navy Federal appreciates the opportunity to provide comments on the Board's proposed changes to Regulation E. If you have any questions, please contact Charla Tompkins, Policy Analyst, at (703) 206-2672.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Peden".

John R. Peden
Acting President

JP/ct

PO Box 3000 Merrifield VA 22119-3000