From: Adriana Valdez

Subject: Reg I I - Debit card Interchange

Comments:

January 31, 2011

Federal Reserve Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Federal Reserve Board:

I am writing this on behalf of NAFT FCU to urge you to take a second look at the new debit card provisions of the Dodd-Frak Act.The Dodd-Frank Act is an ill constructed and one sided legislation that requires a thorough analysis of cause and effect before it is put into effect.
The Dodd-Frank Act proposes artificially low caps on debit interchange that in no way reflects the actual costs incurred in running a secure and efficient network. This act may force financial institutions to raise consumer fees or restrict debit card usage.
Now, what does this really mean and why did it happen? The Dodd-Frank Act simply wants to eliminate or reduce the costs to large retailers and for consumers debit card usage.
Historically speaking, price caps in a free market never worked. By adding this cap the government could open up Pandora's box and free enterprise could be affected. Who is going to stop big retailers from asking for another sector of our economy.
The Dodd-Frank Act causes ripple effect throughout the economy. If the cap takes effect , the true winners are big retailers and the losers in all this are the banks and foremost small financial institutions, such as credit unions, who will have to increase fees and come up with new ways to increase our income. The bottom line is that this money will be coming out of the consumers pocket.
NAFT FCU serves 8500 members and employs 39 people in South Texas. We believe the debit card provisions will harm my credit union and affect the services that I am able to provide my members.

Sincerely,

ADRIANA VALDEZ