

From: Cynthia Appling
Subject: Reg I I - Debit card Interchange

Comments:

Cynthia Appling
February 2, 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:

As the manager of a small credit union, myself and my Board of Directors are very concerned with the proposed legislation affecting the interchange fees and routing. This will adversely affect the operation of our credit union because we will have to implement other fees to off set loss of operating income now being used to maintain the debit card program for our members. The cost of operating the program and the necessary fraud prevenative measures are becoming increasingly expensive. The losses from fraud are almost totally being absorbed by the credit unions as our insurance carriers are passing the cost of fraud back to us as a cost of doing business. Most fradulant transactions could be avoided if the merchants would do a better job of verifying who is presenting debit cards for purchases. Now merchants are wanting to basically run our business by routing the transactions to providers to decrease their costs. This will only provide the merchants with more income and decrease income for us to offer services to our members.

Sincerely,

Cynthia J. Appling