

From: Claudia Milan  
Subject: Reg I I - Debit card Interchange

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Comments:

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:

I am very concerned with the Federal Reserve Board's proposed regulation on debit card interchange and routing. Small credit union's like mine will be negatively affected along with our membership. We have a small card program and the income generated from interchange is vital to offset the costs of offering debit cards. We have to pay for the stock, embossing, inventory, shipping, fraud protection, etc.,. Losing interchange income could cause us to stop offering debit cards. I do not believe that merchants will pass along their savings to customers or create jobs by hiring more help - I think they will just make more profit...at the expense of not for profit credit unions. Arapahoe Credit Union will lose 73% of our interchange income, the only way to replace this lost revenue is to pass along new fees to our members....how does that help the consumer? I am also concerned about merchants routing transactions to larger institutions and not honoring the small issuer exemption. There are too many unintended consequences in this proposed regulation and it is not in the best interests of consumer protection.

Sincerely,

Claudia J. Milan