

From: Linda Gebhardt
Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Comments:

As an employee of a credit union, I urge the Federal Reserve Board to reconsider the proposed Regulation II - Debit Card Interchange Fees and Routing (R-1404). My credit union prides itself on offering exceptional service to our members, the consumers, at a reasonable price. Even though my credit union would be technically exempted from this proposed regulation, since we are below the \$10 billion threshold, this rule would likely have a major impact on us and all debit card issuers due to competition, the lack of enforcement mechanisms, and the current lack of a two-tiered payment network. The current level of income that we receive from debit card interchange allows my credit union to cover the full costs associated with debit card issuance, processing, and maintenance, as well as providing an additional margin to offer other benefits and services at reduced or no cost to our members, the consumers. The full costs of issuing and maintaining a debit card program should not only include authorization, clearance, and settlement costs of a transaction (as proposed), but also should include other overhead costs incurred for staff, facilities, equipment, supplies, and fraud prevention. If the proposed interchange cap of \$0.12 per transaction is finalized, the additional costs associated with offering and maintaining a debit card program would be passed onto our members, the consumers, in the form of additional fees or less services. Again, I urge you to reconsider the proposed debit card interchange fee proposal.