

From: Michael Palladino
Subject: Reg I I - Debit card Interchange

Comments:

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Comments:

Please repeal the Durbin amendment as the amendment threatens the checking products we now offer to members. Due to the loss of 70% of our interchange income the amendment forces financial institutions including credit unions to scale back benefits we offer on checking. We now pay members 3%, offer surcharge free ATM access, and contribute to sponsor charitable causes with this money. This will stop or become severely restricted if the Durbin amendment becomes effective. Consumers overall will be harmed not helped by these changes. With no enforcement mechanism even if Visa or MC temporarily keep to the under 10 billion dollar restriction, it can not, nor should it last. In essence it forces them to penalize their largest customers and reward the smaller financial institutions that compete directly with them. We are one of those smaller institutions and yes I can see a short term benefit to us for a limited time versus the big banks. In fact we probably could make this work to our advantage. But in America the idea of government picking winners (merchants) and losers (large banks) in a competitive industry is dangerous. Witness the tortured logic used to come to the conclusion the merchants will distribute the money more effectively to consumers than the banks. Please repeal this amendment and have merchants live by the same rules all businesses must. I do not want our members to suffer as a result (and they will). And I do not want to live in a country that rewards political activism at the expense of free commerce. We are a not for profit cooperative. If we can see the harm in this, surely the Federal Reserve of the United States can.