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Subject: Reg I I - Debit card Interchange

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Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing  
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REGULATION II - Debit Card Interchange Fees and Routing (R-1404) I would like to address some of the proposed changes regarding debit card interchange regulations that are in the Dodd-Frank Act. The idea that the debit card interchange fee received by a card issuer be "reasonable and proportional" to the transaction cost incurred by the issuer, without regard for the upfront investment and all ongoing development, promotion and risk management costs is absurd. Merchants, as well as consumers, want to see the use of debit cards. How many cash registers do you see at WalMart and other stores that give discounts to customers paying with cash or checks? Why not, if debit cards cost the merchant more? Stores need to pay an armored car service to bring cash both in and out. Checks are not authorized (guaranteed payment) at the cash register. With a debit card, there are NO items returned NSF to the merchant. Check acceptance at the cash register slows down the checkout line. So, merchants get a safe, secure, quick, guaranteed payment with lower costs and less losses and they still do not want to pay the fees for the service. It is the financial institutions that have developed the card programs, marketed them to our members, developed the technology and networks for the cards and suffered the losses for fraud. Much of this fraud has been caused by merchants who do not have sufficient security procedures in place. The costs for initial development, maintenance, risk management, fraud losses and future development are all costs of a debit card transaction. Just as the price of gas is not the only cost of driving a car, the cost of a debit card transaction includes much more than the authorization costs. Please keep these items in mind when reviewing regulations that restrict debit card interchange.