

From: APCO Employees Credit Union, Merrill Mann  
Subject: Reg II - 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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Name: Merrill Mann

Affiliation: APCO Employees Credit Union

Category of Affiliation: Other

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

I work for a \$2 billion credit union and although we have been included in the under \$10 billion "carve out", we believe the new regulation will be detrimental to smaller financial institutions that issue debit cards. We have built the Visa brand with our members and have built our debit card portfolio over the past decade through marketing and promotion of the product to our 60,000 members. As you know, sometimes things look good on paper but do not work in the real world. Our fear is that the merchants will figure out how to pull an end run and not be willing to accept small institutions' cards because of the higher fee due to the carve out. This would shut us out of a market that we have worked so hard to help create. Also, there is no provision for fraud the merchants will share and this is getting to be the lion's share of our expense as we write off thousands and thousands of dollars each year due to card skimming and other sophisticated fraud methods in today's marketplace. I do not believe the new swipe fees are "reasonable and proportional" and the merchant's pointing to how the fees are growing each year are not due to rising fees since they signed up for the program, but rather consumer preference which we along with Visa have nurtured. If you believe merchants will be lowering their prices and making consumers' lives better instead of lining their own pockets, I've got some swamp land in south Alabama I'd like to sell you.