

From: Pasadena Federal Credit Union, Ron Berry  
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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I strongly encourage this administration to look closely at the Debit Card system before you move ahead with this legislation. Look at all costs, including but not limited to: fraud protection, merchant data breaches ie. Heartland, back office support and processing, marketing, rewards programs, equipment and software upgrades. The cost for maintaining a debit card program goes beyond the transaction costs. While we are a very small player and we assume we will be exempt from the maximum fee, we are also aware that the large merchants will be working hard to steer their customers to the least costly transaction. We also face the cost of reputation risk when a de-coupled card is compromised. The issuer is not us. We do not receive the interchange income. But it is our staff that have to work with our members to recover their loss from our checking account. Yes we have all shared in the pain of some major mistakes in the financial industry. This country was built on the premise of a free marketplace. Now is not the time to make knee jerked reactions by over regulating this industry. What you will have is a very small handful of survivors who will no longer compete for the consumers business but leave us with the lesser of two evils. Ron Berry CEO Pasadena Federal Credit Union