

From: Sally Gorman
Subject: Reg II - Debit card Interchange

Comments:

February 8, 2011

Federal Reserve Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Federal Reserve Board:

As your constituent, please know that I am very concerned with the Federal Reserve Board's recently proposed regulation that would regulate debit card interchange fees.

No other industry is restricted from charging enough to cover the costs of its products. Why should that be the case with interchange income for financial institutions?

The cap mandated by the Dodd-Frank Act and developed by the Federal Reserve excludes personnel costs and fraud costs. Those are the two largest costs associated with debit card programs.

The Dodd-Frank Act allows for two tiered pricing but not require it. There is no guarantee that it will be provided by July of this year when the Act takes effect. Even if the networks provide the programming for two tiered pricing, the merchants will be allowed to choose which cards that will accept.

While Visa is considering programming for the two tiered pricing but Walmart's Sam's Clubs do not even accept Visa cards.

The debit card interchange business is based on transaction volume. Walmart will be the winner with this new regulation at the expense of the 90 million people who use credit unions because of their reasonably priced programs. "Too big to fail" is being endorsed and encouraged by the proposed regulations.

Please do not allow the proposed regulations for interchange fees to take effect.

Sincerely,

Sally Gorman