

From: Austin Telco Federal Credit Union , James Poplin
Subject: Reg II - Debit card Interchange

Comments:

I am the President/CEO of Austin Telco Federal Credit Union.
Austin Telco is a Community Credit Union serving the five counties of the Austin Metropolitan Statistical Area. We have over 67,000 members and our total assets are \$1.08 Billion.

It is very important to Austin Telco Federal Credit Union that the interchange fee not be lowered as currently proposed. There are many costs associated with running a debit card program both through the VISA network and our in-house backroom processes. Fraud and fraud prevention are also huge costs associated with debit cards that are absorbed by the issuer, not the merchant or customer. This rule could eliminate our ability to offer debit cards and will certainly lead to increases in fees and possibly lower the rates we pay on member deposits and increase the rates charged for loans.

We would recommend that "Alternative A" be adopted as the least burdensome for Austin Telco.

We do not feel that the savings from the reduction of interchange fees would be passed to the consumer and would only result in larger profits for merchants. Merchants enjoy the many benefits of debit cards through the guaranteed receipt of payment, but do not share the liability of the huge fraud losses associated with debit cards.

I want to thank you very much for your consideration of my concerns and hope that you will postpone the final rule for as long as possible to ensure that proper research of the effects on debit cards and our members is accomplished. Debit cards are very important to our members and we do not want to see an interruption or termination of this service.

James D. Poplin
Austin Telco Federal Credit Union