

From: Chris Culberson
Subject: Reg I I - Debit card Interchange

Comments:

February 18, 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:

The timing could not be worse for the Interchange Legislation about to be enacted. Further, I have no confidence the two tiered system will produce the desired results. And if it doesn't, many small banks and credit unions could be forced to close their doors or merge. The risk of this happening should be enough to delay implementation of this measure until further study can be done on the potential effects on small institutions. While good intentions may be at the heart of this legislation I fear the unintended consequences of its enactment will have a devastating impact on smaller institutions, which will in turn hurt the consumer.

Our credit union is mid sized, with a great field of membership and many happy members. But with interest margin compression, low loan demand, a debit card fraud epidemic, and a seemingly endless stream of new regulations that limit income, it has become difficult to maintain a positive bottom line. We have not brought this on ourselves by making bad loans or being over concentrated in riskier assets. In fact we are about as conservative as it gets, yet we find ourselves in a struggle for survival. At this point we simply cannot afford to give up any revenue, and certainly not 70% of Interchange Income.

I am sure we are not the only ones expressing this concern so I hope you take note, because it is a very real problem.

Sincerely,

Chris Culberson