

From: Lucia Moreno-Linares
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:

I am writing to express our concern with this proposed regulation. The current proposal does not include provisions to enforce the small issuer exemption. If there is no enforcement, there is no exemption.

As a small issuer, we have fewer than 1000 cards, the proposed regulation is forcing us to review our costs and make the painful decision of ceasing our program or pricing it out of our members reach. Since we serve a primarily low income population already and our income margins are very limited anyway, this is almost the last straw for us. The small amount of interchange income that we receive goes a long way to help us recover some of the cost of offering debit cards. What is now proposed for future income makes our current program unfeasable in the future unless we find a way to recover cost.

We urge the board to consider all costs of operating debit cards, including administration, losses, fraud, technology, when they determine what is a fair or just cost. The proposed two tiered structure and its maintenance cannot be assured and a cost to create it is guaranteed, so that cost needs to be counted too.

The disadvantage to the small issuer cannot be prevented unless Alternative A is adopted. The regulatory burden that would be placed on our credit union would place a heavy burden on our credit union if we tried to comply.

Please take the time to consider all sides, including the potential cost passed on to consumers.

Sincerely,

Lucia Moreno-Linares