From: Jill Harrison

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Comments:

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Name: Jill Harrison
Affiliation: Credit Union Employee
Category of Affiliation: Other
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

To Whom It May Concern: Currently merchants are paying interchange fees for the privilege of using a very safe and quick paying payment system for Debit/Credit cards. The most recent legislation limits financial institutions amount that can be charged for interchange rates. This effectively transfers over $9 billion dollars in fee income from financial institutions from banks to merchants. There is nothing in the legislation that states merchants are required to pass on this "savings" to consumers. In fact, this will force banks to raise fees charged to consumers for existing services in order to make up the shortfall. This means the end of free checking accounts and the likely increase in fees for using debit cards. How is this a consumer protection? At a minimum, it is de-incenting financial institutions from offering debit card payment services free of charge to consumers. This is not a benefit to consumers. Additionally the legislation states that institutions with assets totalling less than $10 billion dollars are exempt. However, there is nothing in the rules that states network carriers must have tiered interchange rates in order to exclude the cap on interchange rates for smaller institutions. There is no incentive for the networks to have tiered rates as this is simply more time consuming and costly for them. Lastly, the merchants decide what network to use for processing debit card transactions. There is nothing in the legislation that prohibits merchants from discriminating against networks, like co-op, and refusing to take cards that rely on that network. The result of this legislation is that financial institutions big and small are working out ways to charge consumers for using their existing services to make up the shortfall in interchange income. This will result is higher loan rates, more fees charged to consumers, and no benefit to any group except the merchants who are now going to be able to use a vast network for quick and safe payment processing without having to pay for it.