

From: John Ehmann
Subject: Reg I I - Debit card Interchange

Comments:

January 7, 2011

Federal Reserve Board

Dear Federal Reserve Board:

As a long-time credit union employee and consumer advocate, I am shocked at the Federal Reserve Board's recent proposed regulation on debit card interchange fees. This is a bad proposal that will help big retailers but hurt both credit unions and consumers.

Writers of this regulation obviously have no idea how businesses like credit unions and community banks need to price their products and services to remain profitable and viable. There are enormous costs that community banks and credit unions incur with offering debit cards to consumers, including the cost of fraud.

While the merchants benefit from the convenience of debit cards, the community banks and credit unions are left holding the bag with this proposed regulation. Financial institutions will be left with no choice but to raise fees elsewhere in order just to break even on their debit card offerings.

As currently written, the two-tiered system will not work. Please do your homework on this.

Sincerely,

John Ehmann