From: Robert D. York

Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Name: Robert D York
Affiliation: President/CEO of California Bear CU
Category of Affiliation: Commercial
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

As the CEO of a mid-size credit union with Assets of just over $100, I am very concerned that interchange cap proposed by the Federal Reserve will hamper my ability to serve my members by providing low cost loans and higher dividend rates to my members than they would receive elsewhere. The proposed interchange cap of $0.12 will ensure that multi-billion dollar retailers such as, Wal-Mart and Target, increase their bottom lines by reducing their processing costs, but offers no guarantee that consumers will see any savings at the point of sale. The Feds proposal is much too drastic and ignores most of the operational costs that go into maintaining the debit system. The Fed is also "putting their head in the sand" if they think that the exemption for financial institutions under $10 billion will actually allow credit unions and community banks to continue to earn the same amount of interchange income that we see today. As a result, we will be forced to pass along the costs to provide debit cards that are not covered by the proposed $0.12 interchange cap to our cardholders. How will credit unions and banks make up the difference in interchange? By taking away free checking accounts (which is already happening at the largest financial institutions) and/or charging additional fees to compensate us for the additional expenses you did not consider when setting proposed cap. Unfortunately, your legislation that was designed to "help consumers" by reducing the cost of retail goods by 1-2% is only going to result in consumers paying for financial services that they were receiving for free and increasing the bottom lines of the retailers from the cost savings that they are seeing from the proposed interchange cap. Once again, big business wins and consumers lose . Way to go elected officials!