

From: Trent Kerr
Subject: Reg I I - Debit card Interchange

Comments:

Secretary Johnson

Our credit union is concerned with the Federal Reserve's recently proposed regulation that would regulate debit card interchange fees and routing. I can appreciate that institutions under \$10 billion should not be affected by the proposal, but I don't see how they won't be affected. Unless merchants have a multi-tier system in place, small card issuers, like ours will be subject to the same interchange rates as the largest card issuers. There is nothing in your proposal that enforces the small issuer exemption.

We are also concerned that, unless the proposal is changed, merchants may discriminate against the use of debit cards issued by smaller institutions, like ours. Furthermore, has the board considered the cost involved with maintaining a debit card program, not to mention the cost of fraudulent activity that comes back to us? Please consider revising this proposal. We are in agreement with the position that our national and state trade associations, CUNA and the Indiana Credit Union League has taken. Thank you.

Sincerely,

Trent Kerr