

From: Terry Summers  
Subject: Reg I I - Debit card Interchange

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Comments:

Terry Summers

January 13, 2011

Dear Federal Reserve Board:

We are concerned with the proposed changes to the debit card interchange. We are not getting rich from offering debit cards to our members. The interchange fees barely cover the cost of the debit card program. I do not understand why merchants are up in arms. Debit cards have taken the place of check writing for the merchants. The merchant no longer has the risk of taking the payment, if they receive an authorization from the debit card processor; there is minimum risk to the merchant. Not like taking a check and having to collect it if the funds are insufficient or a stolen check. If they receive authorization from the debit card processor and when that item comes through the credit union and there is an insufficient fund the credit union has to collect the funds not the merchant. Or if it is fraudulent the credit union burdens most of this cost. We take 99% of the risk as the debit card issuer and now they want to lower of interchange income. By doing this it will make credit unions relook at the debit card product to see if we can afford to continue to offer this product and if we can not be competitive we may as well close our doors. Or the merchants will no longer accept debit cards from us only from the large FI to decrease their cost. The Fed should consider the cost of operating a debit card system and determine a maximum allowable by law to include the risk we are taking to operate the debit card program.

Sincerely,

Terry Summers