

From: Freedom First Federal Credit Union, Paul Phillips
Subject: Reg I I - Debit card Interchange

Comments:

Paul Phillips

January 13, 2011

Dear Federal Reserve Board:

My Credit Union is the only low-income designated Community Development Financial Institution. We provide full service platform banking to a membership, sixty-one percent of whom are considered low-income. We are able to serve this population, because we aggressively control costs and are a not-for-profit.

Despite all of our cost savings efforts and our deep desire to continue offering free checking, this will no longer be possible if the debit interchange rate is lowered. We cannot afford to lose the interchange income stream. If that happens, we will be forced to immediately implement minimum account fees.

We were assured that small credit unions like ours would not be impacted by the change in interchange. I implore you, deliver on your promise. If you don't, the only thing that will have been accomplished is more profit for the merchants and new checking/relationship fees for the consumer.

Sincerely,

Paul Phillips
Freedom First FCU