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Subject: Reg II - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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This proposed interchange regulation was issued by the Federal Reserve Board as required by the "Durbin Amendment" to the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Fed's proposal caps interchange fees at \$0.12 per transaction, which the Fed determined was the average cost incurred to cover authorization, clearance and settlement costs of a transaction. This cost does not include costs for people, building, equipment, supplies, or other related costs. We are currently determining the true all-in costs that are incurred at ABECU to cover our debit card program. I know that it is a lot more than the \$0.12. All institutions with less than \$10 billion in assets are exempted from this proposal and amendment; however, experts predict that everyone will be impacted given competition, exemption not clear on how to be carried out or regulated, and there is currently no two-tier system offered by the payment networks (ie. Visa, Mastercard). At ABECU, we currently receive on average \$0.38 in interchange income for each debit card transaction. With close to 10,000,000 transactions annually, the income impact would be close to \$2.3 Million if our debit card interchange was capped at \$0.12.