

From: Ron Araujo
Subject: Reg I I - Debit card Interchange

Comments:

Ron Araujo

January 19, 2011

Federal Reserve Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Federal Reserve Board:

Thank you for providing the credit union industry the opportunity to comment on the proposed rule regarding the Dodd-Frank Act.

While there is still much to be interpreted with this proposed regulation, it seems unlikely that there would be a net benefit to consumers, as has been discussed. While retailers would certainly lower their costs to transact debit cards, there is no reason to think that this savings will be passed on to consumers in the form of lower prices and/or increased employment by retail establishments.

In addition, the financial savings that are gained by retailers would be directly at the expense of debit card-issuing financial institutions who, in turn, would be faced with some difficult choices; find new ways to improve the bottom line via reduced services or increased fees, or, perhaps consider reductions in staffing levels. None of these alternatives is likely to benefit consumers.

The current debit card fee structure is largely the result of natural market-based dynamic tension between merchants and card issuers. While it may not seem perfect, there is an inherent fairness to it that has ensured that consumers are getting the best deal possible.

Finally, the proposed regulation does not appear to contain a provision for enforcement of the small issuer exemption, which is nearly 100% of the credit union industry.

I urge you to reconsider the implementation of this proposed rule as I believe that further study and investigation of the matter is warranted.
Thank you. issue

Sincerely,

Ron Araujo