

From: Neil Christy
Subject: Reg I I - Debit card Interchange

Comments:

Neil Christy

January 11, 2011

Dear Federal Reserve Board:

As a credit union member for over 35 years, I am writing to express my concerns regarding the proposed regulation regarding interchange fees on debit cards. My two concerns are:

1.) That the regulation be structured to REQUIRE the development and USE of a two-layered system so that those institutions not covered by the law ([extract_itex]10B in assets) will not suffer unintended consequences due to the lack of electronic infrastructure (only one system for all, forcing all to abide by the new law) or due to the organization control exercised over the major card brands by the large banks that are required to comply.

2.) In fairness to all concerned, that the total cost of plastic card programs, including fraud and chargeoff losses, be taken into consideration. It seems to me that the interchange amounts currently being proposed are akin to calculating the cost of owning and operating an automobile solely on the cost of the gasoline it consumes.

Retail merchants have benefited dramatically from the payment systems developed by the financial services industry. Congress has decreed that the big banks now be regulated as to how much they can charge for these services. In developing and implementing this regulation, please keep in mind that Congress specifically meant for the law to apply ONLY to the biggest banks. Please don't let the smaller financial institutions (including credit unions and community banks) be harmed by unintended consequences of this action.

Sincerely,

Neil Christy