

From: Purina Credit Union, Jeff Schroth  
Subject: Reg I I - Debit card Interchange

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Comments:

Jeff Schroth

December 23, 2010

Dear Federal Reserve Board:

Purina Credit Union is deeply concerned with the Federal Reserve Board's recently proposed regulation that would regulate debit card interchange fees and routing.

You will undoubtedly receive numerous comments that will provide substantial detail as to why the current proposal is at best flawed, and at worst represents the potential for forcing issuers of our size to simply stop offering card services to our Members.

I will not repeat what I know will be included in those comments. Rather, allow me to make one simple point that should crystallize for you exactly why your proposal must NOT be adopted in its current form:

The maximum interchange fee you are proposing is not even enough to cover the current ongoing costs of the fraud prevention systems protecting our Members from the many, many attempts to steal their money through card frauds every single day!

This absurdity is magnified and compounded by the complete lack of any provisions whatsoever to enforce the so-called small issuer "exemption." Without SIGNIFICANT penalty and a clear form of enforcement, that exemption is a farce, because it WILL NOT HAPPEN. Any belief to the contrary is naive beyond belief and ignores the fundamental nature of the retail marketplace.

Regardless of the debate over the many other apparent flaws and shortcomings of the proposed regulation, the fact that you will be dramatically reducing the ability of issuers to protect their cardholders/Members from frauds that occur constantly and continuously reveals a massive weakness in the proposed regulations that MUST be corrected before the regulations become final.

Thank you for your time.

Sincerely,

Jeff Schroth