

From: NW Community Credit Union, Rex Fox
Subject: Reg III - Debit card Interchange

Comments:

Rex Fox

January 19, 2011

Jennifer J Johnson
Secretary, Board of Governors of the Federal Reserve System
20th St. and Constitution Ave. NW
Washington, DC 20551

Dear Ms. Johnson:

As a long time employee of NW Community Credit Union, serving 68,000 Oregonians throughout the state, I appreciate any time you can dedicate to examining the impact of recent interchange limiting legislation.

While we are well under \$10 billion in assets, I'm still concerned that merchants will attempt to dissuade members from using our cards because they (the merchant) may pay a lower interchange fee to process transactions if routed to a larger bank.

The intent of the new legislation was to protect consumers, but in reality, it is likely to backfire and actually limit choices for our members. As you well know, the existence of credit unions has put pricing pressure on the banking industry to keep their prices competitive. We are part of the solution, not the problem. I think the same can be said for many of the community banks.

Not only will this legislation limit choice for consumers, the government is also taking away a much needed income source at a time where we are paying much more for deposit account insurance premiums and paying for stabilization of the corporate CUs. We are also seeing higher than normal loan losses and many financial institutions have seen a big drop in over draft fee income (some were abusive, but many others were not).

The true beneficiaries of interchange limits will be the big retailers. Please don't think of this as a consumer friendly bill, because it is almost the opposite.

Thank you

Thank you for your time and consideration, please contact me with any questions you may have.

Sincerely,

Rex Fox