

From: SkyOne Federal Credit Union , Eileen Rivera
Subject: Reg I I - Debit card Interchange

Comments:

January 20, 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:

At SkyOne Federal Credit Union we serve 25,000 members nationwide who work in the air transportation industry. We have estimated that we stand to lose \$402,000 a year in interchange income from our members' debit card transactions if this Durbin bill is not amended. Our net income was only \$84,000 in 2010. We will find ourselves in a position of significant negative earnings if we don't reverse this piece of the bill. And, did you know that the insurance companies that credit unions utilize for bond coverage has basically gotten out of the market of covering the fraud claims for debit and credit cards? The deductible is so high that we are essentially self-insured. We can't file a claim for debit card fraud until our total fraud claims hit \$175,000 in a year. How could a credit union of my size pay \$175,000 for fraud claims while giving up \$400,000 in interchange income which is currently used to offset the fraud claims. This expense doesn't even consider the cost of issuing plastics and PINs and hiring staff to manage these card programs.

If you can't repeal the Durbin bill, can you at least add provisions to the proposal to enforce the small issuer exemption. We urge the Fed to use its authority to reinforce the small issuer exemption and ensure that it works as Congress intended.

Sincerely,

Eileen Rivera