

From: Kyle Markland
Subject: Reg I I - Debit card Interchange

Comments:

January 21, 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:

I am writing today as a concerned member of the financial services industry regarding the negative impact that the enactment of the Durbin interchange amendment will have on the financial lives of the citizens of Minnesota. I know that The Fed has already heard from a number of my credit union and banking colleagues on the various business reasons that the bill is not good for them. You have heard from the banks on how much revenue they will lose as a result of the regulated interchange; from the trade associations on how this is bad for their respective industries; from VISA and MasterCard on how this is bad for the issuing financial institutions or the increased costs of providing two networks. You have even heard from credit unions that you tried to exempt from your amendment on how this is bad for them and your position is that we have been exempted.

However I would like to offer a different point of view. I believe that the enactment of the interchange amendment is simply bad public policy.

I have two concerns with the enactment of the interchange amendment. First and foremost, the government should not regulate and set prices in a free market system. This is contrary to the basic tenant of our capitalistic society and many studies have shown that government price fixing is bad for the consumers. An argument can be made that if the government is going to set the pricing for interchange, why doesn't the government set prices for other items such as gas, food or cloths?

My real concern with your interchange amendment is that banking industry has now used this as a new springboard to increase their fees charged to consumers. Right here in Minnesota, every day the news is has another story reporting that Wells Fargo, US Bank, Bank of America and TCF all have announced that they are eliminating free checking accounts to consumers and have already enacted several new fees that are taking hard earned money right from Minnesotans pockets. They are the interchange amendment as the reason for increasing fees to consumers and there is nothing to stop them. Banks are no longer charging fees for when someone does something wrong, they are charging fees just for doing routine transactions like depositing checks or payroll. As the state's largest federally-chartered credit union and one that is committed to reducing and eliminating fees for our almost 140,000 members, we see this as a golden opportunity to differentiate ourselves from others in our industry, including credit unions that see this as an opportunity

to take more from consumers.

You may ask yourself "why am I writing you to repeal a law that would benefit our organization?" The answer is very clear, because it is the right thing to do regardless of the benefits that Affinity Plus would accrue. The banking industry is out of control with the amount of fees they charge and their drive for more and more profit at the expense of Minnesotans. If left unchecked, these high fees will become socially accepted and banks will continue to make record profits quarter after quarter.

I am asking that look at the enactment from what is good public policy. The interchange amendment was promoted to the Senate as good for the consumer; however the consequences of increased costs to the average American to maintain a checking account is not in their best interest. Additionally, it cannot be in the public's best interest to have the government fix prices and provide the incentive for financial institutions to take advantage of those who cannot afford it the most.

Sincerely,

Kyle L. Markland