

From: Valley First Credit Union, Dennis Barta  
Subject: Reg I I - Debit card Interchange

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Comments:

Dennis Barta  
1005 W Orangeburg  
Modesto, CA 95350-4139

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Federal Reserve Board  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Dear Federal Reserve Board:

My credit union, Valley First Credit Union, is very concerned with the Federal Reserve Board's recently proposed regulation that would regulate debit card interchange fees and routing.

The Fed should implement reasonable interchange regulations that will allow all issuers to continue to be protected from lower interchange fees based on pressure from the merchants.

The merchants have no liability when it comes to not following proper procedure when transacting. If a member/customer decides to contest a proper charge the card issuer ends up having to absorb the cost of the transaction as we are not able to push the cost back to the merchant. In addition, the most recent retention and release of credit card numbers cost the issuers millions and the associated merchants didn't have any liability!

The debit card fees are currently reasonable for the service provided and allows for the issuer to absorb the losses associated with the cards. By regulating the interchange fees downward will make it difficult if not impossible for all issuers to continue to offer the product to the member/customer without inhibiting other services.

By not allowing the market to determine the proper cost associated with offering debit card services the Fed is putting other needed services at risk for ALL providers.

I would strongly urge the FED to reconsider regulating the interchange fees and allow market pressures to determine the proper fees for this service

Sincerely,

Dennis Barta