

From: R-S Bellco Federal Credit Union, William W. Wehr, Jr  
Subject: Reg I I - Debit card Interchange

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Comments:

January 26, 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:

R-S Bellco Federal Credit Union is a \$22 million credit union located in New Brighton, PA. We currently spend about \$5,500 to process debit transactions and recover about \$4,200 from debit interchange monthly. A reduction in interchange to 7 or 12 cents as proposed would increase monthly program cost by \$3,000 to \$3,500. This represents about the cost of one of our nine full time employees.

Alternatively, we would have to identify other revenue sources to replace the loss. Discontinuing the program by dropping debit cards access to share draft (checking) accounts would akin to selling pizza without toppings. You might have some customers, just not enough to stay in business.

What can you do to help?

1. Provide enforcement for the small issuer exemption.
2. Assure the establishment and maintenance of a two-tier system.
3. Consider the very real costs related to fraud and fraud prevention.
4. Prevent merchants from discriminating against accepting "small" issuer cards.
5. Adopt "Alternative A". The cost of "Alternative B" would be prohibitive to small issuers.

I am sure lawmakers did not have R-S Bellco Federal Credit Union in mind when drafting this legislation. However, implementaion without protective provisions, will have a significant impact. Not only could implementing rules injure the credit union, but also risk our ability to survive. The only losers in that instance would be our nine employees and 2,700 members.

I appreciate your consideration.

Sincerely,

William W. Wehr, Jr., CEO R-S Bellco FCU