



Texas Credit Union League™

Richard L. Ensweller, CCUE, CAE
President and Chief Executive Officer

June 3, 2011

The Honorable Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
20th and C Streets, NW Washington, DC 20551

RE: TCUL Comments on Interchange

Dear Chairman Bernanke:

This comment letter represents the views of the Texas Credit Union League (TCUL) regarding the Federal Reserve Board's proposed regulations on interchange. TCUL is the official trade association serving over 500 federal and state credit unions and more than 7.4 million credit union members in Texas. TCUL appreciates the opportunity to comment on this very important issue.

TCUL and its member credit unions strongly urge you and the members of the Board to include "all costs" as part of the formula in calculating interchange fees.

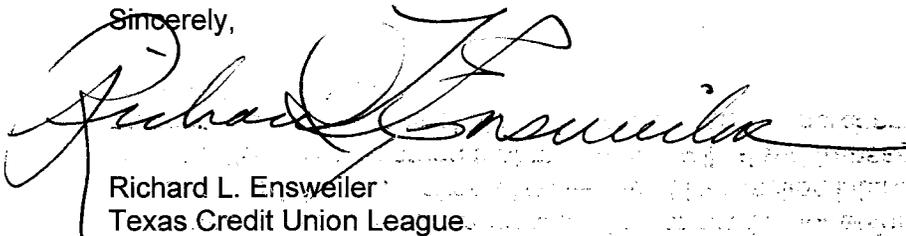
Additionally, it is extremely important that the Board enforce the exemption for small issuers. As originally proposed, the regulation did not provide for enforcement powers to ensure that payment card networks offer a two tier debit transaction interchange system for small and large issuers. We are concerned that merchants will "steer" transaction processing to an electronic payment network of their choice. This could result in merchants steering consumers away from credit union debit cards.

The routing and exclusivity provisions represent an unreasonable and costly regulatory burden on credit unions. Of the two alternatives proposed, TCUL suggests that "Alternative A" is the better option, as it would be less costly and burdensome for all issuers. TCUL again raises concerns that merchants may "steer" consumers away from credit union cards.

Finally, we urge the Board to include all allowable debit card costs in setting the limits on the interchange fees.

Thank you for considering our comments.

Sincerely,



Richard L. Ensweller
Texas Credit Union League