

From: Sharon Hansen
Subject: Reg I I - Debit card Interchange

Comments:

We are an \$85 million credit union providing financial products and services to over 11,000 members.

Over the years, we have worked hard to increase our numbers of checking accounts and debit cards. We have also worked hard to keep our fees low. As the number of accounts has grown so has the interchange revenue we've earned. As a not-for-profit credit union, this has allowed us to provide our members with competitive products and services. The loss of interchange revenue would create tremendous economic hardship for our credit union; and ultimately our members will have to pay the price through additional fees, higher loan rates, and / or lower deposit rates. The interchange regulation will harm consumers by forcing financial institutions to look for alternate sources of revenue.

Merchants accept different forms of payment to help increase their sales. Whether it's cash, or checks, or the use of a plastic card, there is a cost of doing business element to each. The advantage of a debit card transaction is that the merchant is guaranteed the funds when the transaction is authorized. Our system is authorizing off of a real-time interface - paid for by us - so the merchant can be confident the funds are available. We also assume all of the risk of fraudulent transactions - even though some merchants have contributed to higher fraud losses through breaches of their systems or failure to follow network rules. Running a debit card program is not cheap - we have staff costs, telecommunication costs and processor costs all directly related to our debit card program. The interchange revenue helps us to offset operational costs and fraud losses.

Debit cards add value for the consumer, the merchant, and the financial institution. It is not unreasonable to expect to make some profit from this or any other financial service we offer to our members.

The exemption in place for smaller credit unions will be difficult in practice and result in unnecessary expense being added to the payment systems that are working today.

I believe this regulation should be re-considered.

Thank you for your consideration.

Sharon Hansen