From: Providence Federal Credit Union, Shirley Cate

Subject: Reg I I - Debit card Interchange

Comments:

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Comments:
I am taking this opportunity to comment on the proposed rule that would establish debit card interchange fee standards, associated with the Dodd-Frank Wall Street Reform and Consumer Protection Act. Although my Credit Union is well below the ten billion dollar asset mark, I expect to see a significant negative impact find its way to our bottom line. Even though we are not a large bank or even a large credit union, we are part of the industry and we most certainly will be affected by the proposed changes. Small Credit Unions like Providence Federal Credit Union, often find themselves at the mercy of the huge bank card networks. The networks will be receiving pressure from the large banks, making the development of a two-tiered system unlikely. At Providence Federal Credit Union we have had a free checking account product for years, and our members have loved it! They enjoy not only the low cost, but they enjoy the risk free fraud that comes with their account when their debit card is used against their knowledge at numerous retailers. Here at Providence Credit Union in 2008 we paid over $98,000 in fraud costs done on our members plastic cards - at no cost to the retailer when the card was presented. In 2009 & 2010 we paid over $60,000 in losses due to plastic Fraud. I envision this trend continuing. Even though our plastic card fraud detection is improving, we can not keep up with the technology that the crooks out there have. Did you know that if a person has a plastic card with your account number on it - and they use it at a retailer and "sign for the transaction" - the financial institution has no recourse at all! None! Our Bond companies can not afford to pay these claims either, so our deductible ends up being so high, that in fact we are self-insuring ourselves. So lowering the cap on the interchange, makes no sense! Why should we continue to pay? Why should consumer ultimately pay? They would pay by credit union's getting rid of free checking; other fees will increase to make up for lost revenue; lower dividend costs; increase loan interest rates; getting rid of other services normally being offered because the credit union can not afford to maintain them? Please know that I

don't think that this regulation was meant to hurt the smaller institutions, it wasn't put together right in the first place, and the people that helped it get through are learning that. Don't hurt the good guys, the credit unions, because "you don't have time" to research it - stop this from happening and really really look at what this will do not only to the financial institutions, but ultimately to the consumer. Thank you.