



February 9, 2011

Jennifer J. Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20<sup>th</sup> and Constitution Avenue NW  
Washington DC 20551

Dear Ms. Johnson,

Missouri Central Credit Union chartered in 1931 is located in Lee's Summit, MO with assets of \$36 million, and serves over 8,500 members. We appreciate the opportunity to submit feedback on the proposed Regulation II – Debit Card Interchange Fees and Routing [R-1404].

The focus of our concern is our members and all consumers. Nearly 70% of our members who have a checking account have chosen to carry the debit card to safely and efficiently pay for their day-to-day purchases. Our members mirror consumers across the nation. Debit card payments make up more payments than checks, ACH or credit card payments. Consumers have cast their vote in favor of this payment method.

Like many financial institutions, Missouri Central has been able to offer this popular service at no cost to our members as part of our checking account packages due to the interchange income derived from card usage. A reduction of interchange income to a cap of \$.12 would adversely affect our ability to offer this service at no cost. When all costs to manage the program are calculated including fraud, plastic cards, postage, administration, fraud detection, and risk management, the program is a break even venture at best with the current interchange structure. To compensate for the loss of income, the consumer will be forced to pay higher fees, higher loan rates, and free checking as we know it today will become a memory.

Merchants also prefer debit card transactions since they allow less cash handling, allow efficiency at the point of sale, and provide the guarantee of payment at the time the transaction is authorized when the card is presented.

The consumer will not benefit from the proposed two tiered system since there is nothing in the regulation that would require merchants to pass on the savings to the consumer. And, the expenses to implement the proposed two-tiered system will be costly and ultimately passed on to the consumer.

825 NE Deerbrook PO Box 6617 Lee's Summit MO 64064  
816-246-0002 fax 816-246-0043  
[www.mocentral.org](http://www.mocentral.org)

It's clear that from the consumer, the financial institution, and the merchant perspectives, the debit card interchange system was working flawlessly, with no need for government intervention.

Please consider the negative impact the Debit Card Interchange Fee Amendment will have on consumers and financial institutions. We urge you to exercise discretion to minimize the unintended negative consequences of this regulation.

Thank you for your consideration.

Sincerely,

  
Bob L. Woody

  
Joanne L. Thies

  
Claudia L. Walker

  
Michael P. Horton

  
J. T. Lovell, Jr.

  
Stephen L. Miller

  
Stan Abrahamson

  
Glenna Osborn

  
Mark Schaüfler

\_\_\_\_\_

  
Doug Hermes

\_\_\_\_\_

  
Jackie Fairbanks

\_\_\_\_\_