

March 21, 2024

Dear Secretary Ann E. Misback,

On behalf of Peach State Federal Credit Union and its 70,160 members located in Georgia and South Carolina, I write to express our strong opposition to the Proposed Changes to Regulation II, Docket No. R-1818, RIN 7100-AG67, concerning debit card interchange fees. Peach State Federal Credit Union is committed to providing affordable banking solutions, creating positive impacts in our local communities, and personifying the credit union philosophy of “People Helping People.” These changes will adversely impact our operations and our members who depend on us for affordable financial services. We hope that you will consider the consequences this rule will have on our organization and other financial institutions with less than \$10 billion in assets. We respectfully, urge the Board of Governors to reject the proposed changes to prevent the unintended consequences.

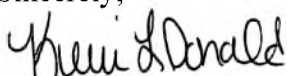
The proposed reduction in interchange fees will reduce our non-interest income which is important for maintaining various low-cost and free services offered to our members many of whom belong to underserved communities. It is also important to help support the cost of managing our debit card program. Although there is an accommodation for the fraud component in the proposal, this does not reflect the actual cost of fraud to us as the issues. Fraud continues to grow and increase operational costs.

Reduced revenue may result in reconsideration of the affordability of these services which would directly impact our members. Credit Unions will also need to compensate for lost revenue and may result increased fees or introducing new service charges that are currently free or low-cost. Consumers choose credit unions for their more favorable fee structures over traditional banks. Again, directly impacting our members’ financial wellbeing.

The proposed regulations will lead to less competition and choice in the financial services industry. Due to increased operating costs and reduced income, smaller financial institutions will need to offer fewer products and services, and ultimately will be forced to merge into larger institutions. Thus, giving less options for consumers.

In conclusion, Peach State Federal Credit Union strongly urges the Federal Reserve to reconsider this proposed rule and the long-term ramifications.

Sincerely,



Kerri Donald, Executive Director of Risk Management
Peach State Federal Credit Union