ROBINS Financial
CREDIT UNION
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February 16, 2024

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitutional Avenue NW Washington, DC 20551

Re: Docket No. R-1818, RIN 7100-AG-67
Re: Notice of Proposed Rulemaking; Debit Card Interchange Fees and Routing

Dear Secretary Misback,

I'm writing on behalf of Robins Financial Credit Union to express our firm opposition to the Federal Reserve's proposed changes to Regulation II regarding the assessment of interchange fees for debit card issuers.

Robins Financial Credit Union has been dedicated to serving our members for over 70 years, currently spanning more than 260,000 Georgians across 45 counties. Credit unions like ours are vital in assisting consumers in achieving financial objectives, supporting members from diverse backgrounds, and fostering local community growth. This proposal threatens to significantly undermine these objectives.

Impact on Consumers and Members

The proposed alterations to Regulation II will not only negatively affect our members but also hinder the ability of all credit unions to provide affordable financial solutions that Americans depend on for everyday purchases such as food and fuel. Despite the Durbin Amendment's intention in 2011 to reduce fees for consumers using debit cards, subsequent reports, including one from the Richmond Fed, revealed that only 2% of merchants passed on these savings. Instead, consumers have faced surcharges, price hikes, and reductions in debit card rewards programs. These changes disproportionately impact consumers, particularly those reliant on rewards to manage their budgets.

Impact on Small Businesses

While targeting financial institutions with assets exceeding $10 billion, this proposal overlooks the unique challenges and operational models of smaller institutions, which are essential for community service. Smaller credit unions consistently bear higher transaction costs due to lower processing volumes. The Federal Reserve's own research highlights significant disparities in costs between different issuer volumes. Credit unions rely on non-interest income to manage fraud-related expenses, maintain low banking costs, and offer affordable credit access. The proposed changes fail to address these discrepancies and could distort the market for all financial institutions, irrespective of size.

Revenue Impacts

Amid rising interest rates, inflation, and fraud levels, altering the interchange cap is likely to introduce market uncertainty and reduce competition, making long-term financial planning more challenging for businesses and consumers. Stability in the payment system is essential for fostering economic growth and ensuring financial security for families. We urge the Board to carefully consider the potential unintended consequences of altering the existing regulatory framework.

In Conclusion

Robins Financial Credit Union values the Board's attention to interchange issues and appreciates the opportunity to provide feedback on behalf of our members. However, we strongly urge the Board to reconsider this proposal and engage in thorough discussions with financial institutions nationwide to develop a more balanced approach that safeguards consumers' interests.

Sincerely,

Christina O'Brien
President/CEO