LGE Community Credit Union

January 24, 2024

SENT VIA EMAIL

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

RE: Docket Number R-1818, RIN 7100-AG67 – LETTER IN OPPOSITION

Dear Secretary Misback,

On behalf of LGE Community Credit Union and its 132,000 members located in northwest Georgia, I write in **strong opposition** to the proposed changes to Regulation II, and respectfully, urge the Board of Governors to **reject the proposed changes** and prevent the unintended consequences of such an action.

<u>LGE Community Credit Union</u>
LGE Community Credit Union is a not-for-profit, $2.5 billion state-chartered community credit union, with over 345 employees, and nineteen branches. LGE is proud of its "digital first" reputation and its ever-innovating fraud management team. LGE is "dedicated to the health and advancement of its members financial lives and its communities", and this is evident by the number of products and services LGE offers its members.

Because of LGE's asset size, LGE would be considered an "exempt institution" for purposes of the proposed changes. According to many of those lobbying to lower the interchange cap, LGE should not worry about these changes as LGE would not be affected. I am confident that these changes *will* affect LGE and other exempt institutions, just as the original legislation in 2011 unintentionally affected institutions like LGE.

<u>Smaller Credit Unions and Banks *will* likely be Affected—Regardless of the Exemption.</u>
I believe Fed Governor Bowman was correct when she raised concern that because exempt institutions—like LGE—operate on the same "payment rails" as much larger institutions, pressure will most likely be applied and institutions that were specifically exempted will be negatively impacted and affected, specifically in regard to "no-cost" and "low-cost" products and services. As you know, these negative impacts will not affect Credit Union stock prices or shareholder equity—it will affect interest rates, more robust debit card systems, and the ability to serve more in the community. While there is a carve out for a fraud credit, most institutions I know spend far greater than the credit being proposed, and when the new cap starts to affect smaller financial institutions, fraud management and mitigation systems will be impacted. Remember, with not-for-profit organizations—every dollar matters.

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The Proposed Regulations will likely lead to less competition in the financial services industry.

As smaller financial institutions will be able to offer fewer and fewer services and products, the number of mergers and acquisitions will continue to grow. By implementing the proposed changes, many of these smaller institutions will have no other choice than to merge into larger institutions because they can no longer offer debit card programs or adequate fraud mitigation programs. This process of elimination will result in fewer options for consumers. Rural and other underserved communities will lose smaller community banks and credit unions only to be replaced by institutions deemed "too big to fail," with no local presence other than a website and possibly an ATM.

Industry-wide Opposition.

Finally, it is worth noting that this issue has caused near industry-wide agreement. Regardless of whether the financial institution is a bank or a credit union, exempt or non-exempt, our industry agrees that these changes will negatively impact products and services, competition, and most of all, our members and customers.

Again, on behalf of LGE Community Credit Union and its 132,000 members I ask the Board of Governors to **reject the proposed changes** and prevent the unintended consequences of such an action.

Sincerely,

Chris A. Leggett
President/CEO
LGE Community Credit Union

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