

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Description:

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From: Credit Union of Colorado, Lisa Mixon

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Subject: 1818(AG67) Debit Card Interchange Fees and Routing

Comments:

Date: Feb 14, 2024

Proposal: Regulation II: Debit Card Interchange Fees and Routing [R-1818]
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Your comment: I am writing to express my concern and opposition to the proposed Debit Interchange Cap, also known as Reg II. As the Vice President of Operations at the Credit Union of Colorado, I have reservations about this revision and its potential impact on our organization and the communities we serve. It is important to address the implications of this proposal and advocate for a more favorable outcome. With over 85 years of experience, the Credit Union of Colorado is a stable, member-owned financial institution with over \$2 billion in assets and 400 employees. We are deeply committed to serving our community, with a focus on equity, education, and the environment. Our goal is to make a positive impact on the lives of our members by helping them achieve their financial goals and supporting them through their challenges. I have reservations about the revision because: The proposed Debit Interchange Cap could further challenge our ability to generate interchange income. This income is crucial for providing competitive rates and services to our members. Without sufficient interchange income, it may be difficult to effectively support the financial needs of our community. The current economic climate has increased risks of default and fraud. To protect the assets of our membership, we have had to consider implementing more restrictive measures. However, the reduced income resulting from the proposed Debit Interchange Cap threatens our ability to fulfill our core purpose of providing financial equity to our communities. Despite being under the \$10B asset threshold, we have already experienced significant impacts from previous legislation. Compliance costs have limited our ability to provide new and innovative solutions in our payment products. The proposed Debit Interchange Cap would further hinder our ability to adapt and serve our members effectively. The rise of alternative payment methods has given our members more choices. When they opt to use their debit cards, it is often for the convenience and protections it offers. Reducing the revenue that supports these systems and staff would compel our not-for-profit institution to raise unrelated fees to sustain our operations. This would ultimately burden our members and undermine the benefits they seek from our services. The proposed Debit Interchange Cap, or Reg II, will have negative implications for the Credit Union of Colorado and our ability to serve our community effectively. The limitations on interchange income growth, increased risks, innovation constraints, and the potential for increased fees all contribute to our opposition to this revision. We respectfully urge the Federal Reserve Board to reconsider this proposal, taking into account the concerns of community financial institutions like ours. Thank you for your attention to this matter.