

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

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From: Montana Federal Credit Union, John Hageman

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

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

Comments:

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Proposal: Regulation II: Debit Card Interchange Fees and Routing [R-1818]

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Your comment: Montana Credit Union opposes the reduction in the debit interchange fee cap. The proposed methodology is flawed and will harm credit union issuers and their members. The current cap has already reduced access to free checking accounts and increased fees for consumers. A further reduction is likely to exacerbate these problems. Credit unions are less able to absorb reductions in interchange revenue due to their non-profit structure. This could force them to reduce services or raise fees for members. The proposed methodology for determining the base component is flawed. It skews the results towards the cost experience of large banks and disregards the experience of smaller issuers, including credit unions. The proposal will negatively impact consumers. It is likely to lead to fewer free checking accounts, higher fees, and reduced access to financial services, especially for low-income communities. The proposal fails to adequately consider the full costs of fraud. Credit unions are facing increasing fraud losses, and the current cap does not fully cover these costs. The Board has improperly excluded additional allowable costs. These costs should be considered when calculating the fee cap. The proposal fails to adequately consider the impact on exempt issuers. Even though the cap would not directly apply to them, they are likely to be harmed due to the competitive dynamic within the market.