

From: Alcoa Tenn Federal Credit Union, Candice Acuff
Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Comments:

To whom it may concern, I strongly urge you to reconsider the proposed interchange cap of \$0.12. This proposal is yet another "stab" to financial institutions, once again, from the Federal Reserve for needless regulation changes. It is all but ironic that your legislation is trying to "protect" the consumers, but will in fact ultimately harm the consumer and their pocketbooks. Of course, in today's society, pocketbooks have shrunk considerably due to the financial crisis we are in. Quite frankly, it seems to me, that your proposal will do nothing but help safeguard the merchant, giving way to rising costs of goods. Merchants are claiming that their "higher" prices reflect their interchange costs. So, do you think that if this proposal is passed, that merchants will adjust/reduce their costs of goods??? I don't think so!! They'll continue to profit as the consumer struggles to pay. In my opinion, merchants have a choice-They don't HAVE to take credit cards/debit cards as a source of payment. They have CHOSEN to do so, not only for their own conveniences, but for the sheer fact that they make more money because they would rather have the consumers' business even if it means that the consumer can/will only pay by plastic means. Let's see how much business a merchant does without use of plastic methods of payments. Talk about a hurt economy. Credit Unions, such as the small sized credit union that I am employed by AND which I am a member, pride themselves as being a not-for-profit organization and providing services at a reasonable cost to the consumer. The amount of interchange that we currently receive not only helps to provide more services for our members, but to absorb processing fees (embossing, insurance, postage, and employee costs) and the rising fraud costs (monitoring, chargeback processing, etc) that are associated with providing card programs. Even though we would qualify for the exemption, the proposed fee structure will still negatively affect our bottom line. So much so, that the credit union will have to develop procedures to recoup the loss of interchange income. This would

include increasing fees to consumers and then having to explain to them who is responsible for these changes. Credit Union rates, services, and employees' jobs and their livelihoods will be affected as well. Things look different on paper until you see the effect that it has on "real" people. The consumer is the real loser in the implementation of this cap and they will end up replenishing the income for the financial institutions in other ways. Please take these items into consideration when making your decisions. I pray that you make a decision that is truly in the best interest of the majority of consumers. Regards, Candice Acuff Card Services Coordinator Alcoa Tenn Federal Credit Union