

From: Ron Fox  
Subject: Reg I I - Debit card Interchange

---

Comments:

Jennifer J. Johnson, Secretary

Board of Governors of the Federal Reserve System

I am writing in reference to the debit card interchange fee and network routing rule (Durbin Amendment). I am the President of Fort Worth City Credit Union in Fort Worth, Texas. We are \$112M in assets so I realize we are well below the \$10B threshold, and we have approximately 13,500 members.

As a small credit union I ask that we not be required to offer four different routing networks as this will only cost us more, as our income will most certainly decline.

Also, the 12 cent cap does not take into consideration the losses we incur from fraud and the cost to offer debit cards. Below is a cost analysis of our program for Jan. 2010 through Nov. 2010. The employee cost is conservative because staff spends a substantial amount of time (we have not tracked) on members disputing charges, asking what charges are, losing their cards, resetting their PIN numbers, replacing worn out cards, adding joint cardholders, and more. We have one employee that handles most of our debit card issues, but other employees handle them as well. Also, know that we had a fairly low amount in fraud losses last year because we did not incur another major data breach like we did with TJ Max a couple of years ago. Our insurance deductible is \$125,000 and the premium for that just keeps going up. But one data breach could reduce our net income to \$22K in a heartbeat, assuming we continue to receive the same amount of interchange income.

ATM Fees/Income \$104,885.00

Debit Card Income \$540,003.94

Sub-Total Income \$644,888.94

CUNA Insurance Expense \$(8,400.00)

Credit Card Expense \$(5,414.00)

Debit Card Expense \$(303,482.00)

ATM Expense \$(135,499.00)

Total Expense \$(452,795.00)

Plastic Fraud Losses \$(19,449.23)

Employee Costs \$(45,000)

Net Income \$xxxxxxx

This Durbin Amendment was thrown in at the last minute and not thought through. At the very least, please delay this so you can get all the feedback and information you need to make a sound decision.

I realize you can't change the law, but this regulatory change is threatening in so many ways, and this was driven by retailers who take on zero risk when accepting debit and credit cards. If it cost them so much, why don't they go back to accepting checks only? And we all know, consumers (you and me) will not ever see any savings passed on to us by these merchants. The other thought is, allow us to pass all the fraud back to the merchant where it originated, then the 12 cent cap might be more palatable.

Thank you in advance for your time and the opportunity to express my views.

Ron Fox