

From: Woodstone Credit Union, Patty A Hoffman
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:

I am writing to express my concerns on the proposed rules to establish Debit card interchange fees and routing and the impact this would have on the nearly 22,000 members that we serve here at Woodstone Credit Union. As a \$93 million dollar Credit Union, although we fall well below the \$10 billion exemption we will very likely face the unintended consequences that the proposed interchange rule would impose. When Legislators passed the Durbin amendment of the Dodd-Frank Financial Reform Act last year, they were assured that small institutions such as Woodstone would be exempt from all provisions of the legislation. Not only will small institutions actually be subject to the provisions of the rule related to network exclusivity and transaction routing, without specific enforcement language in the rule the small issuer exemption may not occur. With the Federal Reserve Board having been put in a difficult position having to propose a rule resulting from poorly drafted legislation that was enacted without any discussion, mark-up or debate we sympathize. The Durbin amendment effectively mandates a transfer of revenue from the debit card issuing financial institution to merchants, establishing a central government-like price controls in place of market driven pricing. Given that only legislature can repeal this anti-consumer, non-member friendly legislation, I respectfully request that the Federal Reserve Board consider the American consumer's financial interest in establishing parameters of the rule. The maximum interchange fees proposed will not cover the cost of lost, stolen, fraud and dispute claims that are an everyday part of a card program. The issuing institution supports these functions not the merchants. The total cost for fraud protection alone is far higher than the proposed rule allows. Again, the proposed rule is silent regarding enforcement of the small issuer exemption and will ultimately prove to be meaningless. A card program for a small financial institution requires the same level of focus and diligence on protecting our consumer- member's data, and financial freedom to have access to their money in

the credit union. Furthermore, we have accepted that responsibility and have played by all the rules and we will now be priced out of the market and in some cases no longer able to offer our members the simple service of a debit card? Really? What we need is a focus on what is right for the American consumer who in many cases prefers having their financial needs met by a local credit union who has their best interest in mind. This would have a huge impact on the credit union industry and the millions of members that are served collectively.