



May 9, 2024

Board of Governors of the Federal Reserve System  
Ann E. Misback, Secretary  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

RE: Docket No. R-1818, RIN 7100-AG67

Dear Ms. Misback,

I am writing today to ask that you reconsider the proposed changes to the debit card interchange fee cap outlined in Regulation II, a provision of the Durbin Amendment.

The proposed changes would reduce interchange fees for card issuers, fees that help our credit union offset the costs of providing this convenient payment option as well as costs associated with fraud mitigation expenses and security enhancements to protect our members' personal information. Instead of benefiting consumers, lowering the fee would have the unintended consequence of increasing costs for consumers. Financial institutions would need to make up the deficit in reduced interchange income by charging new or higher fees for other services. At a time when consumers are already feeling squeezed by higher prices at the grocery store, gas pump, and elsewhere, this would only serve to compound the issue.

As a not-for-profit financial cooperative, our credit union reinvests its profits into our products and services, and our members reap the benefits of checking with no monthly fee, lower or no fees for many services, low loan rates, and higher savings rates. We are able to provide these and other affordable services to our members in part because of the revenue we receive from interchange income.

When the Board first implemented the statutory requirement in 2011, consumers expected to see lower prices since merchants would be paying lower interchange fees. But that didn't happen. Merchants didn't pass the savings on to their customers in the form of lower prices. In fact, it has now become commonplace for some merchants to charge an additional fee when consumers pay with a card instead of cash. One local merchant in our area charges an additional four percent for debit or credit card payments. Four percent! Most people do not carry cash and prefer to pay with a card. How does charging more just for the convenience of paying with a card benefit the consumer? I doubt that this merchant will eliminate the additional fee if interchange fees are lowered.

Lower-income consumers are the ones who will be most affected by this proposal because they are the least equipped to deal with the increasing costs that will likely result if the proposal is passed. Please reconsider this proposal; by doing so, you will help our credit union continue to provide affordable products and services to our members.

Sincerely,

Elizabeth J. Dooley  
President/CEO  
Educational Employees Credit Union