

May 7, 2024

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

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

To whom it concerns,

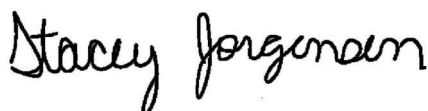
IH Mississippi Valley Credit Union (IHMVCU) has reviewed the proposed rulemaking on decreasing the debit interchange cap. IHMVCU is the sixth-largest credit union in Illinois, and we have over 140,000 members with an asset size of just over \$2 billion. Even though this rule would not impact us directly because of our current asset size, we still have concerns about the indirect impact that the rule would cause to all financial institutions as well as our members.

Overall, the proposed changes will have a negative impact on all debit card issuers due to competition and pricing from the financial institutions who are covered under the rule, while big box retailers and merchants will save money. Smaller credit unions may be forced to increase fees on previously free products to remain competitive and to keep up with larger institutions. This would cause a disproportionate effect on low-income and minority households that rely on free and low-cost accounts and services. The Durbin Amendment has impacted all financial institutions regardless of their size and if this rule were to get finalized it would be very similar and would still impact credit unions with assets below \$10 billion.

Interchange fees support affordable access to credit. The cost of preventing and mitigating fraud is growing for credit unions. The operational costs associated with our debit card issuance would also be potentially impacted because of the cap that is being imposed. With the growing concern of fraud and operational costs for credit unions to provide these services to our members safely and securely, debit interchange fees are crucial as they help offset the costs of providing security measures and fraud prevention systems for our members.

Please let me know if you have any questions for our review, or if you need any further clarification on our comments.

Sincerely,



Stacey Jorgensen

Director of Risk and Compliance Services

MOVE UP

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