



Bowie, MD.
05/09/2024

To,

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

Re: Proposed Regulation II Amendment

Dear Board of Governors of the Federal Reserve System,

As a small credit union dedicated to serving our members and the local community, we are writing to express our concerns regarding the proposed amendment to Regulation II. While we understand the intention behind regulating interchange fees to potentially benefit merchants, we believe this proposal could have unintended consequences that would significantly impact our credit union and the members we serve.

Despite being a small credit union exempt from the proposed rule, we anticipate several indirect effects that would detrimentally affect our operations and the services we offer our members. Specifically, we foresee potential increases in fees for consumers, including our members, or reductions in benefits for the debit card rewards programs we currently provide. These changes could undermine the affordability and attractiveness of our low-cost accounts, which are essential for many in our community.

Furthermore, the reduction in interchange fees may compel us to adjust our rates to remain competitive with larger financial institutions. This adjustment could profoundly impact our financial portfolio and limit our ability to offer competitive rates and services to our members. Additionally, the potential increase in debit fraud, coupled with the loss of income from interchange fees, presents significant challenges for smaller institutions like ours, potentially leading to consolidation or the elimination of products and services vital to low and moderate-income populations.

It's crucial to recognize that as nonprofit institutions, credit unions allocate the income generated from fees to support the community and serve underserved populations. Reduced interchange revenue may hinder our ability to effectively fulfill this mission. Moreover, the proposed cap on debit interchange fees

could disproportionately affect low-income and minority households, limiting their access to free or low-cost accounts and services.

In conclusion, we urge the Federal Reserve to consider the broader implications of the proposed amendment to Regulation II, particularly its potential impact on small credit unions and the communities they serve. We appreciate your attention to this matter and welcome the opportunity to provide further input or clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Diane Coleman Brown', written over a faint horizontal line.

Diane Coleman Brown

President and Chief Executive Officer
Prince George's Community Federal Credit Union