

**Meeting Between Board Members and Staff of the Federal Reserve System and
Representatives of the Community Depository Institutions Advisory Council (CDIAC)
April 11, 2024**

Participants: Chair Jerome H. Powell, Vice Chair Philip N. Jefferson, Vice Chair for Supervision Michael S. Barr, Governor Michelle W. Bowman, Governor Christopher J. Waller, Governor Adriana D. Kugler, Eric Belsky, Sudie Brown, Alejandra Lopez-Fernandini, Jennifer Gallagher, Trevor Gaskins, Candace Herring, Jason Hinkle, Karen Kaplan, Keshia King, Brittany Kleinpaste, Maria Ling, Jean Lorrain, Ann Misback, Ben Olson, Kelley O'Mara, Dania Palosky, Joe Pavel, Brian Phillips, Wanda Quick, Katie Ross, Bradley Rotter, Andrew Ruben, Jacquelyn Smith, Michelle Smith, Shahera Somuah, and Rebecca Zarutskie (Federal Reserve Board); Carmen Panacopoulos (Federal Reserve Bank of Boston); Joseph Budash (Federal Reserve Bank of Philadelphia); Nadine Wallman (Federal Reserve Bank of Cleveland); Sean O'Hara (Federal Reserve Bank of Richmond); Susan Goldberg (Federal Reserve Bank of Atlanta); Patrick Driscoll and Julie Williams (Federal Reserve Bank of Chicago); James Fuchs (Federal Reserve Bank of St. Louis); Karmi Mattson (Federal Reserve Bank of Minneapolis); Ryan Harwell (Federal Reserve Bank of Kansas City); Lorenzo Garza (Federal Reserve Bank of Dallas); Mongkha Pavlick (Federal Reserve Bank of San Francisco)

Chuck Sulerzyski (Peoples Bank); Kim DeVore (Jonah Bank of Wyoming); Daniel P. Berry (Duke University Federal Credit Union); Bryon K. Bexley (American Bank, N.A.); Dylan S. Clarkson (Pioneer Bank & Trust); Tyler K. Clinch (First Community Bank of East Tennessee); Luanne Cundiff (First State Bank of St. Charles); Ronald Justice (The State Bank); A. Catherine Ngo (Central Pacific Bank); Jeffrey A. Stopko (AmeriServ Financial Inc.); Anne P. Tangen (BankFive); James S. Vaccaro (Manasquan Bank); Robert Davis and Sayee Srinivasan (CDIAC advisers)

Summary: Board members and staff of the Federal Reserve System met with the CDIAC, an advisory group established by the Board to provide input on the economy, lending conditions, and other issues of interest to community depository institutions (CDIs). During the meeting, the CDIAC shared its views on the Board's notice of proposed rulemaking on Regulation II. CDIAC members expressed concerns about the proposal's potential impact on CDI business models and consumers. In particular, CDIAC members stated that the proposal would reduce interchange fee revenue for CDIs and put pressure on CDIs to offset lost revenue by charging consumers fees or reducing product offerings, which could affect access to banking services for low-income and rural consumers. CDIAC members also stated that the proposal does not reflect rising fraud costs, driven in part by the Board's recent rulemaking on routing requirements for card-not-present transactions. For these reasons, CDIAC members requested that the Board withdraw the proposal and repropose it following further cost-benefit analysis.

The full Record of Meeting is available at:

<https://www.federalreserve.gov/aboutthefed/files/CDIAC-meeting-20240411.pdf>. The viewpoints expressed above and in the Record of Meeting are solely those of the CDIAC.