



**National Association of Federal Credit Unions**  
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**Fred R. Becker, Jr.**  
*President and CEO*

March 23, 2011

The Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

**Re: Support S. 575, the *Debit Interchange Fee Study Act of 2011***

Dear Leader Reid and Leader McConnell:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federal credit unions, I write today to urge you to support and cosponsor S.575, the *Debit Interchange Fee Study Act of 2011*. This bipartisan bill introduced by Senators Jon Tester and Bob Corker would delay the implementation of the Federal Reserve debit interchange rule so that the issue can be studied further before any devastating price caps can be put into place that harm America's financial services consumers.

As you know, in December of last year the Federal Reserve issued its proposed rule on debit interchange fees as prescribed by an amendment offered by Senator Richard Durbin during consideration of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (PL 111-203). NAFCU opposed the Durbin amendment, and is dismayed that the worst case scenario is materializing for credit unions based on the proposed rule.

The passage of the *Debit Interchange Fee Study Act* (S. 575) is essential in ensuring that the proposed Federal Reserve rule is stopped as it is scheduled to go into effect this July. This issue deserves to be reviewed from the perspective of all stakeholders and the severe consequences that consumers will face before deciding how to move forward.

The proposed rule, which sets a 7-12 cent price on debit interchange transactions, will devastate our nation's credit unions and the 92 million members they serve. As you may know, during consideration of the Durbin amendment on the Senate floor, last minute changes were made to "exempt" credit unions and community banks with less than \$10 billion in assets. Recently, while testifying before the Senate Banking Committee,

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Federal Reserve Chairman Ben Bernanke openly questioned the merit of the small issuer exemption and how effective it would be in the marketplace. This should give members of Congress serious pause.

Under the Federal Reserve's proposal, credit unions will not be fairly compensated for the costs involved in processing a debit card transaction, let alone the revenue they lose each year with respect to fraudulent transactions. This will have an obvious adverse impact on credit unions and their members as small financial institutions are forced to assess additional fees on consumers to make up for revenue that will be lost operating basic debit card portfolios.

It is with the above concerns in mind that NAFCU strongly urges you to support S. 575 and for the Senate to move quickly in bringing this legislation to the floor for a vote. Should you have any questions or require additional information please do not hesitate to contact myself or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fred R. Becker, Jr.', written in a cursive style.

Fred R. Becker, Jr.  
President/CEO

cc: Members of the United States Senate