



Credit Union National Association

cuna.org

**BILL CHENEY**  
President & CEO

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July 28, 2010

The Honorable Ben S. Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> and C Streets, NW  
Washington, DC 20551

Dear Chairman Bernanke:

On behalf of the Credit Union National Association (CUNA), I am writing to you and all of the Governors of the Federal Reserve Board regarding the implementation of the provisions in the Wall Street Reform and Consumer Financial Protection Act, Pub. L. 111-203, relating to the regulation of debit card interchange fees.

Small issuers, including credit unions with assets of less than \$10 billion, are exempt from the provisions relating to the regulation of debit card interchange fees, but they are not exempt from the impact of these provisions or from other problematic language in the new statute concerning payment card transactions and their processing.

While a number of provisions in the interchange law are ambiguous, our concerns relate to three main areas:

- We urge the Board in writing the new rules to accommodate interchange fees to small issuers, government-administered programs and reloadable debit cards; otherwise the exemption for small issuers and the other entities could be meaningless.
- Because of the potential impact of the interchange fee rules on small issuers, we are extremely concerned about how the Board will determine which costs to issuers may be included in assessing the reasonableness of fees. We urge the Board, consistent with the statute, to take into account all reasonable costs that are related to offering, providing, and maintaining debit card programs, including reasonable fraud related costs, such as the costs to reissue cards following a data breach.
- We are concerned that small issuers will be forced to incur sizeable costs in order to participate in multiple networks under the exclusivity prohibitions and routing restrictions in the new law.



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We would also encourage the Board to develop and make public its timetable for issuing the interchange regulations.

CUNA appreciates the willingness of Louise Roseman, Director of Reserve Bank Operations and Payment Systems, to discuss issues regarding the statutory provisions with my staff. Today, we are providing to her a detailed list of key concerns that we developed with our Interchange Working Group and recommendations to be considered as the interchange regulations are developed.

Thank you for your consideration of these concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Cheney", with a long, sweeping horizontal stroke extending to the right.

Bill Cheney  
President and CEO

CC: The Honorable Barney Frank, Chairman, House Financial Services  
The Honorable Debbie Matz, Chairman, NCUA  
The Honorable Michael S. Barr, Assistant Secretary for Financial Institutions  
U.S. Department of Treasury