



Credit Union National Association

cuna.org

**BILL CHENEY**  
President & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-508-6745 | **FAX:** 202-638-3389

March 15, 2011

Members of the United States Senate  
Washington, DC 20510

Dear Senator:

On behalf of the Credit Union National Association (CUNA), I am writing in support of legislation, S. 575, the Debit Interchange Fee Study Act. CUNA represents approximately 90% of the nation's 7,600 state and federal credit unions, which serve approximately 93 million members. Over 98% of those members belong to a credit union with a debit card program.

This bi-partisan legislation, which is sponsored by Senators Tester, Corker, Carper, Coons, Lee, Roberts, Nelson (NE), Kyl and Toomey, seeks to delay the proposed Federal Reserve rule implementing the debit interchange provision of the Dodd-Frank Act. Delay of this rule is critically necessary because it will have an impact on credit unions and their members that runs contrary to the intent of Congress. Time is of the essence because key aspects of the proposal are set to be adopted by April 21, 2011 and be in effect by July 21, 2011.

When the Congress enacted the debit interchange provision last year, an exemption was provided for small debit card issuers. The sponsor of the provision said that these small issuers "would not lose any of the interchange revenue that they currently receive." Nevertheless, with the deadline for implementation of this regulation quickly approaching, it appears that the exemption is not likely to work as intended. Federal Reserve Board Chairman Bernanke has raised serious concerns about its effectiveness. The National Credit Union Administration Board Chairman and bank regulators have also voiced their considerable concerns for small debit card issuers. A range of consumer groups and civil rights organizations, including the Consumer Federation of America, the National Community Reinvestment Coalition and the NAACP, have also raised fears about the impact on consumers. With this much uncertainty, a delay of the implementation is the best approach.

Credit unions exist to provide financial services to their members. Yet, if the debit interchange provision is implemented as the Federal Reserve Board has proposed, credit unions will not be immune from the regulation as Congress intended, and the adverse impact will likely be felt by credit union members in the form of higher fees, reduced debit card availability and other restrictions.



PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | **PHONE:** 608-231-4000

We urge the Senate to support a delay that would provide adequate time to determine how best to address the concerns regarding the debit interchange provision while allowing small issuers to continue providing beneficial debit card programs and services without being harmed.

On behalf of America's credit unions and their 93 million members, we encourage all Senators to show their support by cosponsoring S. 575.

Best regards,

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

Bill Cheney  
President & CEO