

Congress of the United States
House of Representatives
Washington, DC 20515

January 24, 2011

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
Washington, DC 20551

Dear Chairman Bernanke,

Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No: 111-203) requires the Federal Reserve to issue regulations that would provide for reasonable interchange transaction fees for electronic debit transactions and place limitations on payment card network restrictions. I am concerned that these regulations, if not carefully crafted and properly implemented, might have the unintended consequences of raising costs for consumers, limiting consumer choice, and making it difficult for credit unions and community banks to offer electronic debit services to their customers.

In drafting Section 1075, Congress was cognizant of the fact that these regulations could have a particularly adverse impact on small issuers. Small issuers rely upon fees generated by electronic debit transactions to provide free checking services to their customers, and to cover the costs associated with fraud prevention and data security. These costs can be extensive and would not be fully recoverable under the proposed rule. If small issuers are unable to profitably offer debit services to their customers the result could be decreased consumer choice and accelerated industry consolidation. Because of these concerns, those institutions with less than \$10 billion in assets were specifically exempted.

Many small issuers have raised concerns about how these rules will ultimately impact them and their customers. They have also raised concerns that the Federal Reserve has not met separately with them to discuss the particular impact these regulations would have. I strongly urge you to take these concerns into account, and help ensure that these regulations do not ultimately result in less choice and higher costs for consumers.

Sincerely,



Gary C. Peters
Member of Congress