

United States Senate  
WASHINGTON, DC 20510

December 10, 2010

Chairman Ben S. Bernanke  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW, Room 2046  
Washington, DC 20551

Dear Chairman Bernanke:

Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (PL 111-203) directs the Federal Reserve to implement regulations setting debit card interchange fees that are reasonable and proportional to the costs incurred by the debit card issuer.

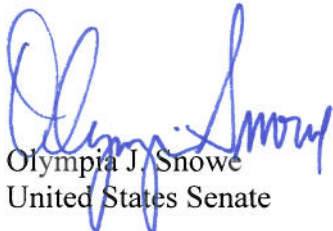
In adopting this provision, Congress acknowledged that the disproportionate bargaining power of the major credit card companies allows them to set interchange fees without regard for the impact those fees will have on Main Street merchants or consumers.

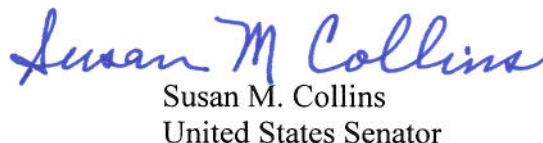
These fees though, are not the result of any actions by America's small community banks and credit unions. For that reason, Congress specifically exempted issuers with less than \$10 billion in assets from the interchange fee provision so that they would not bear the brunt of these regulations directed at major credit card companies. As the Federal Reserve works to craft these rules, we ask that they take care in the design of these regulations to avoid unintended consequences on exempt issuers.

We also request that the Federal Reserve take into account the various factors affecting how interchange fees are set, such as the type of card used, the type of merchant accepting the card, and the merchant's card volume. With respect to these and other factors, we believe the interchange fee regulations must accommodate the intrinsic differences between large banks and small community banks and credit unions.

We are hopeful the Federal Reserve will be mindful of these concerns as it works to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sincerely,

  
Olympia J. Snowe  
United States Senate

  
Susan M. Collins  
United States Senator