



To: EFTA Members

From: Kurt Helwig, President & CEO  
Dennis Ambach, Legislative & Regulatory Council Chairman

Date: June 29, 2011

Re: Federal Reserve Approves Final Rule on Debit Card Interchange & Network Exclusivity (Durbin Amendment)

Earlier today EFTA attended the Federal Reserve Board meeting where the final rule to implement the Durbin Amendment on debit card interchange and network exclusivity was approved. The notable highlights include:

- The Federal Reserve increased allowable interchange fee from 12 cents in the proposed rule to 21 cents with a five basis points per transaction ad valorem amount for fraud adjustment.
- The Federal Reserve moved the effective for the interchange fee standard from July 21 to October 1, 2011.
- With respect to network exclusivity, the Federal Reserve opted for Alternative one (each debit card must participate in at least two unaffiliated debit networks [typically one signature network and one PIN network]).
- Mandatory compliance for network exclusivity rules is April 1, 2012. For payment card networks, the provisions are effective October 1, 2011.
- The final rule makes several recommendations regarding small issuer exemption including publishing annual lists of institutions falling above and below the asset threshold and surveying payment card networks annually in order to list average interchange transaction fees to covered and exempt issuers.
- The final rule opens for more public comment regarding fraud cost adjustments.

EFTA is sponsoring a special webinar on July 14, 2011 (1:00 pm eastern time) to review the final rule in greater detail. A registration notice will be sent soon.