

Commerce Bancshares, Inc.

1000 Walnut St., P.O. Box 419248

Kansas City, MO 64141-6248

Delivered Via Email: regs.comments@federalreserve.gov

December 17, 2013

Robert deV. Frierson

Secretary

Board of Governors of the Federal Reserve System

20th Street and Constitution Avenue, N.W.

Washington, D.C. 20551

Re: Comment Request: Proposed 2013 Regulation II Debit Card Issuer Survey (FR 3064a)

Dear Secretary Frierson:

Commerce Bancshares, Inc. is a regional bank holding company with one bank subsidiary, Commerce Bank, ("Commerce"), and total assets of \$22.5 billion at September 30, 2013. Commerce is a full-service bank, with approximately 360 banking locations in Missouri, Illinois, Kansas, Oklahoma, and Colorado. We are a highly regarded regional banking institution, recognized for the safety, soundness and service we deliver to our community and customers.

Commerce is one of the smaller debit card issuers included under the debit interchange provisions of the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), now known as Regulation II.

We appreciate this opportunity to comment on the revisions proposed by the Board to the Debit Card Issuer Survey.

As a member of the Midsize Bank Coalition of America, Commerce endorses the comments submitted by the banking trade associations. Considering the impact that the Debit Issuers Survey has on us, as a smaller non-exempt bank, we also feel compelled to specifically express a pragmatic perspective, emphasizing the following points in addition to the comments made collectively by the group.

In the Board's Request for Comment on Information Collection Proposal, the Board invited comments about "Ways to enhance the quality, utility, and clarity of the information to be collected". In response, we have the following recommendations:

1. Allow at least 90 days for issuers to respond to ensure thoroughness and accuracy of responses.

The additional time is needed, considering the responses could potentially be used during litigation and could impact the future earnings of our organization.

Adequate time is necessary to perform the steps outlined below, to ensure a thorough and accurate response:

- Understand and clarify each survey question
- Identify and secure a qualified resource
- Research and evaluate the data available to answer each question
- Formulate and document assumptions used to describe how we arrived at the responses
- Retrieve the data
- Compile the responses
- Validate the responses
- Gain executive approval

Issuers are given the same amount of time to respond to the survey regardless of their size, resources and/or level of technical and operational sophistication. The challenges that impede progress for smaller issuers include: a smaller staff with less resources (fewer experts with broader areas of responsibility); less availability of data and time required to manually and review retrieve information; fewer reporting tools, increased dependency on vendors; and new survey questions and/or definitions.

2. Allow issuers to elaborate on their configuration and cost components to gain critical industry knowledge and perspective.

The current survey requests only quantitative information. We recommend that issuers be given an opportunity to document their configuration and explain key cost assumptions. Every issuer is configured differently and without this additional information the Board will not have the insight necessary to validate responses and provide feedback or guidance to the issuer (such as, fixed vs. variable expense determination).

3. Conduct interviews to validate assumptions, ensure accuracy, offer feedback, and achieve consistency across issuers.

We recommend that the survey process be revised to include a follow-up interview process. Without such a process, key survey results could be misinterpreted and, therefore, negatively impact the overall findings or litigation efforts. At the very least, issuers providing responses that are survey outliers should be interviewed so any errors can be noted and corrected going forward. There may even be opportunity to develop standards regarding certain assumptions over time, but without some type of interview and/or feedback process, this will not be possible.

In closing, our salient concern when reading the proposed revisions to the Debit Card Issuer Survey is the lack of time to compile and submit thorough and accurate responses. Above all else, please allow at least 90 days to complete the survey.

Sincerely,

Carl Bradbury
Sr. Vice President
Director of Consumer Card Products