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Comments:

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Hi, I'm a regular US consumer, not an employee of any bank or debit card issuer. Through my discussion with many regular people that I know, we all strongly believe that the proposal to cap interchange fee charged by debit card issuers should NOT be implemented. Among many reasons, below are a few: (1) It is against the free market principle: The Federal Reserve or the government has no right in the business of "price fixing", nor meddling with the free market mechanism. It is NO different than private companies trying to get together for price fixing, except that this will be a government-mandated price-fixing to stifle free-market competition. If it's illegal for private companies to engage in price-fixing, why is it legal for the government to engage in price-fixing at the excuse of "benefiting consumers", especially that it will do anything BUT benefiting consumers in the long run. (2) The fair price that the merchants are willing to pay should be determined by the free market. If any merchant feels that the current interchange fee is "too high" to bear, it not only has the option to opt out, but also has the option to provide consumers with incentives NOT to use the debit card. For example, many gas stations often offer lower gas prices for cash-only customers. Some merchants either don't accept debit cards (or credit cards), or accept such cards only if the purchase is above certain amount. Furthermore, many merchants now issue their own store cards and provide incentives to customers who use their cards. Merchants already have plenty of options to choose from regardless of the amount of the interchange fee they currently pay. The fact that most merchants do choose to join the debit card network is simply because they realize that the benefit of attracting more customers simply outweigh the cost of the current interchange fee, and they are well worth the cost. (3) The interchange fee proposal is not only a government-mandated price control, but also an ill-conceived one. It arbitrarily and severely hinders the fair price that the current market is willing and able to bear; furthermore, it will eventually

hurt consumers down the road. The only beneficiary of this proposal is the merchants who have no promise nor any obligation to pass on the benefit of such artificially suppressed interchange fees. Card issuers, on the other hand, will have to make up for their losses via other means in order to remain as a viable business. Consumers will eventually have to "pay" for card issuers' missing revenue somewhere else, and way more than what they currently pay (which is nothing). They may have to start paying annual fees to keep their cards. They may see monthly fees popping up in their bank accounts or lose their account because they aren't as active. They may lose many perks and benefits that card issuers currently provide to them for using the debit cards. And it's simply NOT the card issuers' fault. After all, they need to be able to make enough money to grow as a business and be able to compete effectively for survival. The Fed proposal is clearly meddling and stifling the free market mechanism that should REALLY be left alone. To the contrary of the intent of such proposal, it will NOT benefit consumers, but rather hurt them inevitably. The ONLY beneficiary of this unfair and artificial price-control is the merchants who have lobbied hard over the years for their own selfish benefit, on the FALSE and DECEPTIVE pretense that such a proposal could benefit consumers. It's simply a lie and it will not work. Please do NOT implement such an ill-conceived proposal. Please let the free market decide the fair interface fee on it's own. Please take our view into serious consideration. Thank you!