

From: Blain Cornwell
Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Comments:

I am in charge of a community financial institution and am opposed to the interchange income cap being proposed by the Durbin amendment. Explain to me how this benefits the consumer. All this does is benefit merchants and mostly the larger merchants. This does nothing for the consumer as they do not pay directly the interchange fee. Secondly the issuers primarily banks take all the risk in issuing the cards. We should be compensated for taking this risk. With the cap the level of risk far exceeds the return we will be receiving. Most financial institutions provide debit cards to our customers at no cost to them. Fraud continues to grow with these transactions which is a bank expense not a customer expense. In addition we spend several thousand dollars enlisting in fraud detection services to try to help mitigate fraud and thus a cost to us. Thirdly, the two level system in its present form with small institutions being exempt will not work unless it can be enforced based on its intent. Large entities have a whole different level of efficiencies as this is a volume business and we currently are barely covering our fixed costs in offering the debit card as a convenience and service to our customers. Please make changes to this proposal to cover its true intent instead of resulting in benefits only to large retailers, large financial entities and reduced income for the small community banks that are tired of getting the brunt of these regulatory changes. Sincerely, Blain Cornwell