

From: First Bethany Bank, Jane Haskin  
Subject: Reg II - Debit card Interchange

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Comments:

February 9, 2011

Jennifer J. Johnson  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Jennifer Johnson:

Thank you for the opportunity to comment on the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule. I am the President of First Bethany Bank in Bethany, Oklahoma, which is a \$160 MM bank with 40 full time employees. This past year we had total interchange income of \$155,744 on our debit cards and expenses of \$111,612, resulting in net income for the year of \$44,132. Of that \$44,132, we had losses from debit card fraud of \$8,028 making our net income for the year \$36,104 or a little more than \$3,000 per month. If our interchange income is drastically reduced we will no longer be able to offer this product to our customers at no charge. During the year we had one loss of \$900 whereby an individual with a fake debit card on our bank, purchased nine \$100 gift cards at Wal-Mart without providing any identification. We solicited Wal-Mart's help to try and obtain film to get a picture of the criminal, but we couldn't even get their fraud department to call us back. Because Wal-Mart didn't incur a loss, they were less than willing to help us. However, recently a thief printed a bogus check using our customer's account number and information. This check was cashed at Wal-Mart and our customer received all kinds of threatening letters from collection agencies. The bank had to provide information to help our customer clear his good name. The difference is the merchant took the loss in the latter case and the bank took the loss in the first example. If the merchants don't have any responsibility for the losses on debit cards, they don't enforce proper procedures to help control losses. We have taken losses on debit cards when the customer had written their pin number on the card or given it to someone to use. I would urge you to please let the free market decide the fair pricing for interchange fees. There is a cost to the merchant to have guaranteed funds provided to them on debit card sales. If these fees are reduced, the consumer will pick up the cost the merchants should pay.

Respectfully,

Jane Haskin  
First Bethany Bank