



Mariner Kemper
Chairman and
Chief Executive Officer

January 13, 2011

Mr. Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
Washington, DC

Dear Chairman Bernanke:

I write on behalf of UMB Financial to express concerns about the Federal Reserve's proposal to implement Section 1075 of the Dodd-Frank Act. We consider the interchange provisions problematic, and we doubt consumers will reap any benefits.

We believe the Federal Reserve's proposed rules will limit consumer choice and do not level the playing field for large and community banks. UMB has just more than \$10 billion in assets, and we believe that we too are at risk of being in a position to raise customer fees to continue to provide the same level of service that we do today. The proposed rules do not adequately allow financial institutions to recover the costs associated with running a debit card operation. These costs will remain with banks, yet the revenues will shift from banks to merchants, not to the benefit of the consumer. Without the ability to fully recover the cost of a debit card operation, banks will be forced to raise fees on other basic banking services, such as a possible annual fee on debit cards or monthly checking account fees.

There seems to be an insufficient general understanding as to how valuable the authorization function is in debit card clearing. Simply put, the authorization service gives the merchant 100 percent certainty in accepting a debit card while there is significant risk a check will be returned. Because merchants can rely on this authorization service, merchants today save money when debit cards are used because they no longer have to pay for check guarantees.

We also remain concerned about the Federal Reserve's timeframe to implement the new rules. The implementation of Regulation II, which in effect sets a price cap on interchange, seems to be following the same trajectory that led up to the unfortunate passage of the Durbin Amendment in the first place. Short of allowing interchange to remain as it is today, we agree with others who have requested additional time to study and pursue other options to the current proposals. We respectfully request a full analysis of the interchange issue through a GAO study, prior to a Board of Governor's approval of the proposal to implement Section 1075.

From its inception, the Dodd-Frank Act was intended to adjust banking laws in this country to better protect consumers. We fail to understand how a price cap on a service rendered to transact purchases supports that mission. Further, debit interchange as it is today does not negatively affect consumers. To the contrary, price fixes of any kind quite arguably hurt the consumer in the long run. Should the Board approve the proposal in April as written, we believe soundly operated banks like UMB, thousands of community banks in America, and the consumer all will suffer the consequences.

Thank you for your consideration of these points of view.

Yours very sincerely,

Mariner Kemper
Chairman & Chief Executive Officer

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UMB Financial Corporation

1010 Grand Boulevard
Kansas City, Missouri 64106

umb.com