

From: Joe  
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Comments:

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Comments:

Both of the Fed's proposed options to cap the interchange fee are ridiculously drastic. It represents 70-80% reduction of the current interchange fee, without taking into consideration the cost of running the network, fraud investigation and prevention, the cost of producing and distributing debit cards, nor much profit left for the card issuers. The Fed should consult Barney Frank, one of the authors of the Frank-Dodd reform, who himself expressed concern over the Fed's drastic fee reduction, among them, no benefit from the fee reduction will be passed on to consumers, the reduction will end up hurting smaller banks and all consumers as banks have to make up for lost fees by curtailing rewards programs and increasing other fees. And since statistics show that high-income earners tend to favor credit cards more over debit cards, the long-term result of this unwise proposal will end up hurting lower-income earners (the very population the government is trying to help), as banks will likely recoup their loss by charging fees for using debit cards, among other moves. What's more, lowering the cost of debit card transactions relative to credit card transactions may lead some merchants to refuse credit cards and go exclusively with debit cards, thereby limiting consumer choice and exposing them to larger fraud risks since debit card transactions do not have the same protections as credit card transactions. Any why do we need Fed's or government's mandate that transactions have to be able to be processed over more than one network? Shouldn't that be the free choice and agreement reached by the retailer and the network operator?? If they want only one, that's because they've done the analysis and recognizes that the exclusivity benefits them the most. If they choose two, that's because they've done the analysis and believe this would be their best option. Why does the government have to mandate such choice and deprive the private sector from choosing (on their own) whichever option they feel as most appropriate for their own unique business practice???? Imagine all the added cost, complexity and fraud risk to running multiple networks!! At the very least, the Fed should not impose more than 10% reduction to the current interchange fee, and there should NOT be ANY mandate

on the number of processing network(s) a retailer chooses to have. This should be left for the businesses themselves to decide. We sincerely hope the Federal Reserve listen to what we the general public have to say, and make the wise and the right choice! Joe