

From: Bob Rasmussen  
Subject: Reg II - Debit card Interchange

---

Comments:

Date: Dec 21, 2010

Proposal: Regulation II - Debit Card Interchange Fees and Routing  
Document ID: R-1404  
Document Version: 1  
Release Date: 12/16/2010  
Name: Bob Rasmussen  
Affiliation:  
Category of Affiliation:  
Address:  
City:  
State:  
Country: Zip:  
PostalCode:

Comments:

I am writing to express my support for the proposed rule making, as described in Docket number R-1404, RIN No. 7100-AD63. Such a change is long overdue, and would be a tremendous help not only to the consumer, but to the economy overall. The banks and lending institutions as described in this proposal have more than sufficient resources to offset such a change to these fees. I have seen in many instances where various retailers want to include an additional charge to the consumer during the transaction, for the use of a debit card in the purchase. This they state, is to cover what they describe as overbearing costs charged to them by the banks or debit card processing companies. As a result, I rarely continue such a purchase, but instead leave the merchandise for the owner to re-stock, and I have observed many other consumers do the same. This, for the simple reason that we are being made to bear the burden of a feature that has been initially presented to us as a free service provided by the banking institution. The present interchange fees for these services are grossly over priced, and the consumer, as well as the economy overall, is made to bear the burden of it. During the debut of such services there was concern about the banks and associated institutions ability to bear the initial burden of those costs and associated security concerns. That was largely in part to a tepid participation of a consumer base that was yet to discover the convenience and overall reliability of such purchases. Today however, the consumer participation has grown exponentially such that a much more modest fee as suggested in this rule making proposal not only is appropriate, but presents a much fairer landscape to the retailer and consumer alike. This change could easily be likened to the very marketplace practices often seen today. Whereas a product is widely received, and overall consumer participation becomes ubiquitous, the cost of the product or service can be moderated because revenue is then retrieved over a such a great market share. This situation mirrors that exactly-- the consumer base has embraced with a great enthusiasm the use of such electronic purchases, and has come to rely on the accuracy, safety, and confidentiality of the process. As a result,

participation has risen to such a level that by this report, revenues for 2009 exceeded 1 trillion dollars, on individual purchase transactions of over 37 billion. With consideration given to how many consumers now actually use the debit card, such a fee change is appropriate in every respect. Even at the reduced rates as provided in this proposal, the acquisition of appropriate revenues and fees to cover such services can easily be realized when spread over such a wide base of consumer participation, which is sure to continue in growth. Therefore I urge the Federal Reserve to continue in this rule as proposed, and stand firm against any arguments as provided by the various bank lobbying groups, whose motive is unrelated in any way to the interests or needs of the consumer. This change has been necessary for quite some time, and it will be important to see it through to the betterment of commerce everywhere. Please stay the course and bring about this meaningful change that stands to protect the purchasing power of consumers everywhere, which is, and always has been, the bedrock of any vibrant economy. Thank you for your consideration to my comments. Robert Rasmussen