

From: Idaho First Bank, Greg Lovell
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:

To the Board, While we are a small bank that will fall under the exemption, I want to make a few comments about this proposal. While under the exemption limit, our debit card program is driven by a large bank. We are not large enough to invest in the infrastructure it takes to operate a fully function debit card program. As such it is likely it will be impossible for us not to comply with the same rules as the larger banks. As the large banks dominate the debit card industry it is likely that the proposed two tier pricing structure will not develop. The debit card has been a consumer friendly service that provides real benefits to consumers and the merchant alike. It speeds the delievery of good funds to the merchant without the risk of paper based systems. The cost to handle paper based payments or even cash are substancially higher than electronic forms of payment. The consumer is demanding easier forms of payments and want more choice in payment options. They benefit from the ease of payment, the streamline record keeping, and safety of electronic payments. The only party to these transactions that are damaged by this proposal are the banks that provide this service. As a community bank that serves a small community, we continue to provide high levels of service, competitive products and systems. We have a cost of doing this business but we also provide service at a reason costs with a goal of being a good corporate citizen of our community. Government cost controls do not work in the long run. The attempt in the 1970s to have wage and price controls are viewed a failure. Why will this attempt to "fix" prices do any better. I urge the Board to review this proposal and provide better market feedback and pricing options.
Respectfully Submitted, Greg Lovell