

From: Greg Niemeyer  
Subject: Reg I I - Debit card Interchange

---

Comments:

Date: Jan 07, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing

Document ID: R-1404

Document Version: 1

Release Date: 12/16/2010

Name: Greg Niemeyer

Affiliation:

Category of Affiliation:

Address:

City:

State:

Country:

Zip:

PostalCode:

Comments:

If anything that past regulations have taught us, in the end it is the American consumer who foots the bill. Banks have traditionally been in the payments process creating innovative products like check cards, which millions of Americans use everyday. Consumers like them, because they are easy, merchants like them because they get their money automatically put in their bank account without having to deal with large amounts of cash, and banks like them because they have less paper items to clear. It would seem that everyone was happy with the process at first, when they remembered what happened when they took paper checks. Now because things are becoming more electronic, we find that some merchants are not. Why, because they feel they are paying too much in interchange for transactions that they believe have no risk. This is the inherent issue for the whole debacle. There is REAL risk in processing debit card transactions and it is ON the banks. Banks lose MILLIONS of dollars on debit card fraud. Banks have traditionally relied upon the interchange to offset some of the risks. Some have argued that banks could fix this process if they wanted to. WHAT? Are you kidding me? Does everyone NOT think that banks would fix this problem if they could. If they fixed it, wouldn't that just mean bigger profits? Yes, it would. This proposed regulation is flawed in believing that there is a magical panacea for card processing with little or no fraud. My belief is that you will go on and pass this regulation as it is, and watch to see what happens. Banks will be left with few options. Banks can either decide to totally get out of issuing debit cards and cancel the program, which is possible, but not very probable; OR probably more like it, they will simply pass the cost on to the end user. Another way of saying that is more consumer FEES. Seems you guys would have heard enough about consumer FEES in the past two years. Consumers will either have to go back to writing checks OR simply pay the fees. In the end however, the American consumer will pay...again.