

From: John L. Colvin, Jr.
Subject: Reg I I - Debit card Interchange

Comments:

Date: Jan 10, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing
Document ID: R-1404
Document Version: 1
Release Date: 12/16/2010
Name: John L Colvin, Jr
Affiliation: American small business owner
Category of Affiliation: Commercial
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

re: Regulation II - Debit Card Interchange Fees and Routing [R-1404] I want to express my utter disgust at this proposal. Below are reasons why followed by my personal suggestions: 1- Government price controls are absolutely contrary to a free market and are the product of dictatorships and Communism. 2- Government price controls always result in losses of industry profits and directly affect. When profits decrease for business overhead is cut.. JOBS are the first to go. 3- The consumer NEVER has any lowered costs passed on to them any time a business gets a cost reduction and a cost savings on average of 5 - 15 cents per sale is NOT going to help anyone. It is only giving more control and power to Congress and you, the Fed. If I am wrong, please publicly correct me. 4- Debit cards are currently given to all checking account holders of banks and businesses that issue private cards. These 2 groups of businesses issue these based on CREDIT ratings among other things. By enacting this proposal the Fed will force these banks and businesses to curtail the mass issuance of debit cards they now are able to issue due to the proposed unprofitable nature of debit cards. Thus, 5. Your proposal will cause an increase in credit cards and credit based/oriented alternative forms of payment whereby the cost of goods to us, the consumer in America, will have to go costing us more. (But, I forget, the Fed is pro-inflation). 6. Your proposal is designed to force all debit card issuing, acquiring and processing directly into the hands of banks. But then, and maybe this is the purpose, sooner or later, the Fed will loosen the reins on debit card processing fee caps AND processing profitability thus making the banks who weather any perceived storms a monopoly and hugely more profitable. Alternative solutions: A. Allow businesses to charge line item fees capped at 1 - 2%, or some industry guided rate, for credit and debit card usage, if they may be so bold. B. As we actually understand it, the Fed and Congress are driving everyone to electronic payments where possible. This actually to me is a GREAT thing for all the obvious reasons. Thus STIMULATE business and trade by giving cost equivalent tax breaks for all business transacted electronically.

Make all processing costs a top line Schedule C deduction on the 1040 form;
i.e. a 100% deduction with caps on processing at current rates, frozen for X
amount of time until further study and alternatives can be done properly.
Submitted with all due respect.