

From: CBSI, Kenneth G Kraetzer  
Subject: Reg I I - Debit card Interchange

---

Comments:

Date: Mar 02, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing  
Document ID: R-1404  
Document Version: 1  
Release Date: 12/16/2010  
Name: Kenneth G Kraetzer  
Affiliation: CBSI  
Category of Affiliation: Commercial  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

March 2, 2011 Federal Reserve Board 20th Street Washington, DC 20551 Re: Proposal Changed to Debit Card/ Prepaid Card Inter change Rates Thank you for the opportunity to comment on the proposal changes to Section 920 of the Executive Funds Transfer Act proposed by Senator Durbin. CBSI has been a provider of services to the consumer banking industry for over thirty-five years. We have seen many improvements to the service provided to consumers at the branch banking level because of the willingness of providers to continually invest in the supporting technology and infrastructure. The electronic banking network comprising banks, savings and loans, credit unions, processing companies, and associations provide extraordinary convenience and security to American consumers. Debit cards provide consumers a vehicle to make a multitude of often routine purchases without the risk of carrying cash or incurring interest charges on a credit card. Merchants have the convenience and security of not needing to accept and deposit large amounts of cash. Access to electronic commerce is increasing for millions of part-time and hourly employees from innovation in the field of prepaid products. These accounts support reoccurring deposits by employers and access to funds to employees via ATMs and millions of merchant locations helps avoid the need for the high fees of store front check cashing. The introduction of payments accepted by handheld mobile devices in the near future will create additional convenience for both consumers and merchants. The effect of the pricing proposal by Senator Durbin would reduce industry revenue by 60% according to CardHub.com. This would sharply reduce the means to grow and enhance this vital component of U.S. banking capability. Consumers would be faced with higher fees. We suggest that this amendment be delayed until at least the completion of a study of the impact this significant change to interchange rates would create to the essential electronic commerce services provided to American consumers. Respectfully yours, Kenneth G. Kraetzer