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Subject: Debit Card Fees

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th & Constitution Avenue NW
Washington, DC 20551

Ref: Docket No. OP-1196

Dear Sirs,

Thank you for providing the opportunity to comment on the adequacy of existing disclosures on Debit Card fees. Our institution is a commercial bank with an asset size of \$383,980. We are one of three Texas subsidiaries of an Illinois-based multi-bank holding company that owns banks in Illinois, California, Texas and Arizona. Our bank is located in Houston, Texas and consists of one full service retail location and one loan production office. We employ 67 people.

We have carefully reviewed the notice for study and request for information related to the disclosure of Debit Card fees and would like to make the following comments. Our institution does not currently charge a separate fee for PIN-based POS transactions, however we believe that if a financial institution charges this fee, enhanced initial disclosures and periodic statement disclosures would be recommended.

We believe that initial disclosures and periodic statements, rather than terminal receipts, provide the most useful information to consumers. Terminal receipts are dependent on the technology in use by each merchant that accepts Debit Cards as a payment medium. Enhancing the requirements on terminal receipts would certainly cause expense and hardship for merchants to get their equipment retooled. The current system of disclosing additional fees on terminal receipts only if the fee is included as part of the debit amount is adequate, and we believe that requiring a separate itemization to appear on the terminal receipt for each fee charged would be onerous, but also unnecessary, as long as the fees were itemized on the consumer's periodic statement.

We also recommend that periodic statements separately itemize each fee connected with a POS transaction, rather than showing an aggregate figure. We feel that these fees should appear in close proximity to the POS transaction line item to which they are connected.

The current disclosure format on periodic statements is adequate. We do not believe that further enhancement to periodic statements by providing a summarization of the total amount of fees by type, or a year-to-date aggregate figure is necessary. We believe this type of enhancement to periodic statements would put us at a competitive disadvantage with other non-bank institutions that offer financial services. In short, if banks are the only institutions that are required to highlight the fees they charge by providing summarized, aggregated statements, consumers will take their business to other institutions where they are not periodically reminded about the fees they have been charged.

We are concerned with the growing national trend that appears to perceive all bank fees as excessive or unnecessary. Like other industries, banking is a for-profit industry where services are provided in exchange for a fee. In our area, we must be competitive in our pricing or face losing a customer to the competition. We believe that requiring periodic statements to separate and summarize fees, or to disclose the aggregate year-to-date amount of fees paid by consumers will have a negative effect on the banking industry as a whole.

Yours Very Truly,

Jane K. Grothe

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