

From: Concordia Bank & Trust Co. , Patrick R. Biglane
Subject: Reg D, Q, & DD

Comments:

To: Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: Docket No. R-1413

On April 6, 2011, the Federal Reserve requested comment on the proposed rule to repeal Regulation Q, which is the applicable law prohibiting the payment of interest on demand deposits.

Personally, I cannot see how paying interest on checking will benefit community banks. One of the greatest franchise builders for community banks is their demand deposit base. Additionally, paying interest on demand deposits will increase the level of expenses and further erode bank margins and profitability. Finally, interest on checking will add interest rate risk to the balance sheet as more interest sensitive instruments are introduced.

Increased pressures have been placed on non-interest income for community banks. The potential changes with regards to the interchange fee, and the increased regulation placed on banks with regards to NSF check charges will impact greatly the services being provided by community banks. Paying interest on commercial checking will add additional pressures to banks trying to provide services to our local communities.

I strongly encourage the Fed to not repeal Regulation Q.

Thank you for your consideration,

Patrick R. Biglane
Concordia Bank & Trust Co.