

From: RCB Bank, Roger L. Mosier  
Subject: Reg I I - Debit card Interchange

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Comments:

January 31, 2011

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

Dear Jennifer Johnson:

Thank you for the opportunity to comment on the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule.

As President/CEO of RCB BANK headquartered in Claremore Oklahoma with \$1.9 Billion in total assets I am writing to express my opinion regarding the proposed rule. RCB BANK is a community bank located in 19 communities in Oklahoma and Kansas and has approximately 550 employees.

Our bank has serious reservations regarding the proposed limitations and our ability to even provide the service under the Federal Reserve pricing structure.

Although our bank is under \$10 billion in assets, market forces will dictate the merchants steer customers to the lesser priced interchange, reducing the use of our card.

The resulting loss in income will cause our bank to restructure all of our existing accounts (one of which pays our depositors 4.1% on their account balance). Additionally this change will in all likelihood mean the end of free checking for any of our customers as we attempt to either cut expenses or make up the fees lost thorough our other business lines.

The interchange fee as it now exists allows the bank to subsidize free services provided throughout the bank. Low and moderate income customers will find it more difficult to maintain a bank account as we are forced eliminate free services. This will drive those who least can afford it to other providers at most certainly a higher price.

The proposed fee structure does little to compensate the institution for fraud loss, fraud prevention, capital and employee costs.

A card present transaction provides the merchant with guaranteed funds and places fraud costs with the bank. Not only is the merchant guaranteed no loss, the collection of the funds is shortened dramatically. Contrasting a check transaction where the merchant suffers fraud loss and the time and expense of collection.

For the reasons stated above I am opposed to capping interchange fees at either 7 or 12 cents. It will have a significant impact on our customers, our employees and our operations.

Sincerely,

Roger L. Mosier  
President/CEO  
RCB BANK