

From: The Fairfield National Bank, Michael Copeland  
Subject: Reg I I - Debit card Interchange

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Comments:

Michael Copeland

February 2, 2011

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

Dear Jennifer Johnson:

Thanks for the opportunity to comment on the Interchange Fees rule.

My name is Mike Copeland and I am President of The Fairfield National Bank in Fairfield, Illinois. We are a \$350 million community bank. We have 60 employees and three branches in addition to our main bank. We offer most of the traditional products and services that you will find at community banks across the country. We are located in rural southern Illinois and our base is primarily agricultural. The debit card is a convenient product for our customers and merchants. For many reasons, we are opposed to the proposed interchange rule.

Even though the statute attempts to exempt institutions with less than \$10 billion in assets from the fee caps, we just don't trust it.

We fear that merchants will direct transactions to the least cost providers. By doing so, we would be subject to the same price caps as the larger institutions.

If we are unable to cover our cost of providing debit cards, we will be forced to offset our revenue loss with other fees on more traditional and conventional products.

There has been such a huge effort focused on banking the "unbanked". I believe this will have an undesired opposite effect.

We have estimated our lost revenue to approach \$200,000. That may not sound like a lot to you, but it could effectively help to eliminate as many as eight jobs at our little bank. That represents over 10% of our workforce.

Does the board have any idea of all the costs associated with providing this valued service to our customers? Debit card transactions are different from checks. It actually costs us more to process debit card transactions than a regular check. There are many reasons for this, but the most obvious is the data processing fee, cost of inquires, disputes, fraud loss, etc. We would like to be able to make a little bit of a profit on this particular line of business. I don't think that is too much to ask.

I wonder if the "big" merchants have really thought this through. I believe that they stand to be damaged in ways they haven't even considered.

The government just needs to stay out of this. Price controls just don't work. They never have.

I appreciate your consideration of my comments.

Sincerely,

Michael Copeland  
The Fairfield National Bank