

From: First State Community Bank, Richard B. Francis
Subject: Reg II - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing

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To: Federal Reserve Board Proposal: Regulation II - Debit Card Interchange Fees and Routing Document: 1404 Thank you for the opportunity to comment on the proposed regulations to establish ceilings on the debit card interchange fees, as required by the Durbin Amendment to the Dodd-Frank Financial Reform Act. I am aware that these fees as proposed are directed to financial institutions with total assets of \$10 Billion and above and my bank is well below that total, but I believe a two-tier system will work effectively in a market driven economy. The natural consequence will be such that the merchant will automatically direct debit card transactions to the lowest card provider. This selective routing of debit card transactions is allowed within the Durbin Amendment. While this may initially appear productive as a cost saver for the merchant industry, the unintended consequence will be counterproductive for the consumer. Based upon the proposed fee structure in the Federal Reserve's regulation, our bank will eventually be losing debit card fee revenue by as much as 70% of the current rates.