

From: Amanda Gibbons  
Subject: Reg I I - Debit card Interchange

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Comments:

Date: Feb 02, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing  
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Comments:

Proposal: Regulation II - Debit Card Interchange Fees and Routing Document: R-1404  
Comments: On behalf of my bank, a community bank, I am writing to express my concerns with the proposal put forth by the Federal Reserve Bank to cap the interchange fees on debit card transactions. The mandate created by the Durbin Amendment to the Dodd-Frank Act will not be of a realistic benefit to consumers. Our bank is under the \$10 Billion bank exemption, but eventually due to market considerations for lowest cost options our fees will be required to be lowered. This in effect will impact negatively our bank's non-interest revenue. These revenue reductions will result in fee increases to other consumer related services and products at our bank. There is no requirement for merchants to pass along their cost savings to customers. It is currently estimated that our revenue on debit card interchange fees will be reduced by approximately 70%. New or increased revenue services will need to be initiated, which can have the effect of making it more expensive to our customer base. A very realistic casualty in banking services may be our "free checking" product. Many people rely on this type of account for their banking needs. This can have the unintended consequence of increasing the number of "unbanked" individuals. I ask the Federal Reserve Bank to reconsider this proposal that contributes to a drastic reduction in the interchange fee rate. I thank you for the opportunity to make comments on the debit card fee proposal.