

From: Freedom Bank, Don Bennett  
Subject: Reg I I - Debit card Interchange

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Comments:

February 4, 2011

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

Dear Jennifer Johnson:

As President of a \$xxxxxxx community bank, I want to express my opinion that the process of the Federal Reserve controlling interchange fees is a huge mistake. I also want to let you know that I am totally disgusted with Visa, MasterCard and American Express because of the monopolistic powers that they exercise in how they cram their fees, policies and procedures down the throats of small banks.

I believe that credit cards and debit cards are an integral part of our economy and provide an efficient payment mechanism. I would like to see the Federal Reserve let the marketplace work in terms of interchange fees and focus more attention on helping to control fraud, risk mitigation and aggressive prosecution of the criminals that are continually attacking the payment system.

As a small community bank, it is important for me to be able to offer the convenience of debit cards. We receive a small amount of compensation for the transactions that take place, but this compensation is more than offset by the expenses associated with participating in the program. If the interchange fees are reduced, that just means that it will be more costly for the smaller banks. The proposal to exempt small banks from the interchange constraints is a joke. I am so frustrated that bureaucrats are making new laws and regulations that they do not fully understand and they certainly do not anticipate the many unintended negative consequences. Please toss the politics out and rely more on common sense.

As far as I am concerned, go ahead and nail Visa, MasterCard and American Express to the cross by taking away their monopolistic powers. However, please do not impose price controls. Instead, open up the payment system to increased competition and let the free market system work.

Sincerely,

Don Bennett  
Freedom Bank