From: Robert Becker

Subject: Reg I I - Debit card Interchange

Comments:

February 10, 2011

Jennifer J Johnson
Secretary, Board of Governors of the Federal Reserve System
20th St and Constitution Ave, NW
Washington, DC 20551

Dear Jennifer Johnson:

The Black River Country Bank is opposited to the Federal Reserve's proposal to implement the debit card interchange fees and routing provisions contained in the Dodd-Frank Act. The Federal Reserve's proposed implementation of the Durbin provisions of Dodd-Frank is in essence price fixing by the government. The Federal Reserve's proposal of 12 cents per transaction is insufficient to cover the costs of providing debit card services. The proposed rule went much further than the law. Rather than establishing standards for assessing interchange rates as required by Dodd-Frank, the Federal Reserve's proposal imposes specific fee limitations.

I urge you to delay issuing a final rule until there is an opportunity to study extensively the costs and benefits for all participants. Merchants and banks of all sizes as well as consumers and small businesses and payment card networks are effect by this.

Please consider the importance of incorporating the small bank perspective into further study since the regulation of debit card interchange fees and routing will affect all banks, not just those banks with assets greater than $10 billion.

Our bank is a small communtiy bank in a rural area. To serve our customers and continue to keep our home grown customers, we need to be able to offer our customer base debit cards. As they travel or work outside of our small rural area, it is tougher and tougher to use other forms of payments. Without the cards these customers would be forced to make the choice to deal with bigger financial institutions they don't know or us. This is a service they need and we want to deliver. The cost savings that we are able to achieve handling debit card transactions are passed back to our customers in the form of higher interest rates or less fees. If our interchange income is significantly reduce, we will be forced to find areas to make this source of revenue back and ultimately that will be levied against the consumer. The changes we see being proposed will force us to consider eliminating free checking accounts or increase requirements to get debit cards. Currently we offer debit cards to all of our customers, we would hate to have to only offer them to customers that qualify because they offer the bank some other additional revenue stream or cost savings. One of the most beneficial new account that we have been able to offer in the last three years is a rewards checking account. The account rewards our customers for using convenience service, with a large one being debit cards. With the proposed changes these type accounts will become history.

If the Federal Reserve decides to proceed with the issuance of a final rule, I urge you to consider the following points: Establish the "standards for assessing" that is required by the statue rather than explicit pricing caps. The allowable costs should be broadened to include all costs associated with debit card programs and to permit banks to earn a reasonable profit margin. Adopt Alternative A which permits card issuers to satisfy the requirement to enable cards to process transactions over "two unaffiliated payment card networks." We support Alternative A for the following reasons: Less costly for all stakeholders, particularly small banks and small merchants, to implement Operationally less complex for all stakeholders, particularly small banks and small merchants Lower risk for merchant discrimination

In closing, I strongly oppose price fixing by the government. This action is going to have a significant impact on the Black River Country Bank and our customers. If you must proceed with this a comprehensive study is necessary before finalizing the rule and finally I reiterate my support for Alternative A regarding network participation.

Sincerely,

Robert Becker