

Mutual of Omaha Bank

February 11, 2011

TRANSMITTED VIA EMAIL - regs.comments@federalreserve.gov

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

RE: Docket No. R-1404
RIN No. 7100 AD63

Dear Madame Secretary:

This letter is in response to the request for comments on the proposed rule to implement the Durbin Debit Card Amendment Related to Interchange Fees and Routing Restrictions, passed as an amendment to the Dodd-Frank Act. This amendment, referred to as the "Durbin Amendment", has serious consequences for a community-based institution such as Mutual of Omaha Bank, a bank I am proud to represent.

Mutual of Omaha Bank is a federal savings bank headquartered in Omaha, Nebraska, with forty-five branches reaching across the United States. Last year, Mutual of Omaha Bank had approximately 5 billion in deposits, and is a strong and secure community-based bank, serving communities from Naples, Florida to Ontario, California and in between. We provide savings and checking accounts and other deposit products, including debit cards.

The Durbin Amendment will dramatically harm my financial institution and the communities that we serve, who significantly rely on debit cards as a primary method for conducting business. Since we serve such far-reaching communities as Bullhead City, Arizona, and Evergreen, Colorado, the Durbin Amendment will stress our ability to provide cost effective debit cards services to these customers. Even though we are under the 10 billion threshold of the Durbin Amendment, the manner in which the law is structured will have an impact. There is a serious threat that the Durbin Amendment will force merchants and consumers to move their accounts to larger banks. Smaller banks such as ours will be forced to lower interchange fees to unprofitable levels in order to compete. In the smaller markets we serve, this could result in sustained lost profitability, which may force us to close branches in these rural areas. As such, many rural areas will

be left with little alternative choices with whom to bank. It would create a severe competitive disadvantage and offer less consumer choice in our markets.

I urge you to take all necessary action to rescind the proposed rule implementing the Durbin Amendment. Community-based banks are suffering enough under the weight of the recession and now excessive regulation. My community banks in Arizona have particularly suffered in the face of this bad economy, and more economic pressures from excessive regulation will only continue hurt our community banks. Please reconsider the rule before it further harms community-based banks in Arizona.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Stewart". The signature is fluid and cursive, with a large initial "D" and a long, sweeping tail.

Daniel Stewart
Arizona Market President
Mutual of Omaha Bank