

From: Brian Clemmons
Subject: Reg I I - Debit card Interchange

Comments:

February 16, 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:

Dear Honorable Federal Reserve Board Members, On behalf of our Shareholders, Officers and Staff of a rural community bank (part of 5 chartered commercial bank holding company), I write this letter to respectfully request a repeal of the recent proposed price fixing on debit interchange fees.

Cumulatively, we are a small billion dollar bank group in south central Kentucky built on the principle of delivering service to our customers that are mostly remote from large metropolitan areas. If these interchange fees are capped, and negate our ability to either recover cost we are currently experiencing or cause us to reduce services available to our extended locations, our customer base will suffer. Convenience, and our ability to compete with multi-state regional banks that use the service as a bait and switch, or loss leader to create call lists,etc. to cross sell high profit services to the same users.

Another effect of reduced services is reduced availability of cash. Reduced availability of cash does have a reduced spending effect. Many consumers in rural America don't spend money if cash is not available. Writing checks or buying something on credit cards is considered frivolous spending.

This price fixing move will have a broader effect over the economy than you can forecast. Or, qualify it to those metro areas that have significant availability of data lines/connections, etc. or, levy it against larger institutions that have the infrastructure to offset the cost caps.

In summary, we ask you to please reconsider this move and make the right decision not to set price fixing on debit interchange fees.

Sincerely,

Brian Clemmons