

From: Monte Hostetler  
Subject: Reg I I - Debit card Interchange

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Comments:

February 18, 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:

It appears to be very likely that the government setting interchange rates will not benefit consumers. We do not need another instance of the government overruling the free market and not achieving the intended benefit.

I believe that the most overlooked aspect in the cost of debit card processing is the liability for fraud loss. Until the retailers stand the cost of fraudulent debit card activity, they should definitely not receive the benefit of government intervention. Much fraud loss could be eliminated if retailers would not accept signature based transactions, and PIN numbers were then required on each transaction.

The impact of the interchange rule will no doubt be to reduce the usage of debit cards. Electronic transactions, such as debit cards, are the direction that is most efficient for monetary transactions. These transactions eliminate the question of whether funds are available to support the transactions, and information flow is prompt. Please delay for further study, minimize, or eliminate the debit card interchange impact.

Thank you for your consideration.

Sincerely,

Monte Hostetler