

From: James Needham
Subject: Reg I I - Debit card Interchange

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:

Fixing the interchange fees for debit cards by the government is a prime example of price fixing the simply will not work. It will be damaging to small community banks due to the cost of processing debit cards is far below the maximum fee allowed. The fixing of the interchange fee at \$.12 will help the large retailers and hurt the small bank along with the two tier system is wrong. The assessment should be the cost of processing and not a figure that is determined by s simple estimate that is not tied to a study of the actual costs. If the Federal Reserve insists on proceeding with issuance of a final rule please establish the standards of assessing that is required by the statue rather than pricing caps. The participating banks should be allowed to charge a fee to cover their costs plus a reasonable amount of profit. We have been told by our regulators many times that we must earn a profit to remain in business providing additions to capital and reserve for loan losses. I ask that you reconsider the plan to fix the interchange fee on debit cards at \$.12 and allow our bank to cover the cost plus a profit so we may continue in business.

Sincerely,

James Needham