

From: Tim Turner
Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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I am writing on the subject of "Regulation II - Debit Card Interchange Fees and Routing [R-1404]" I am well aware that interchange fees are payments established by card networks and paid by merchants to card issuers for each transaction. A financial reform bill passed by Democrats implemented new regulations on interchange fees which directed the Federal Reserve to issue rules to ensure that debit interchange fees are "reasonable and proportional" to the processing costs incurred. On December 16, 2010, the Federal Reserve released two alternate rules. Regardless of which rule is adopted, the new maximum allowable interchange fee would be more than 70% lower than the 2009 average. I am concerned that these rules, although well-intentioned, will have little or no benefit to consumers. A similar rule in Australia produced inconclusive evidence whether the rule benefited consumers. Another proposal put into Dodd-Frank financial reform bill to limit overdraft fees was also well-intentioned but has lead to the decline of free checking for consumers. Overall, though well intentioned and designed to protect consumers, it will have little impact on helping consumers. Most likely, retailers will up the costs of products, or attempt to add a "Debit Fee" in order to increase their revenues. I have seen no such limitations in the current regulation. Thus, the end result will be lesser rewards, a loss of free checking, increased costs passed to the consumer, and what I can only see as a potential "\$10 Billion dollar windfall" for retailers. Review and revise this regulation. If you want to protect consumers, then protect them! Thank you, Tim Turner