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Subject: Reg II - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing

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To Jennifer J. Johnson, Secretary to the Board of Governors of the Federal Reserve System. Interchange Fees and the Durbin Amendment - Effects on Community Banks How much would the proposed rule cost each bank to comply with?

Looking at the numbers for each bank, the exact costs could vary, but a conservative estimate would be between 5-15% of annual net income after taxes.

And that figure does not include additional expenses that could be incurred if community banks are required to switch/add networks. Will our customers actually be helped by this proposal? Absolutely not. Community banks will be forced to pass the loss of income on to our customers, most likely through additional fees elsewhere (account analysis/checking charges/other credit and debit card fees). The "carve out" for community banks will not really exist since market pressure will force smaller community banks to lower our fees in line with competition. Is there a better alternative approach to accomplish what the

agency is trying to accomplish with this rule? This rule came from a very strong lobby from the retailers association and a Senator that did not understand the common sense of the effects it would have on consumers and the Banking industry. This was truly never intended to benefit consumers, and in the end, it will not benefit consumers. This rule is all about placing more money in the hands of the retailers by price fixing the fees associated with the credit and debit card networks. Instead of punishing the financial institutions (who bear all the risk of fraud along with regulatory requirements), the restrictions and fraud risk should be placed on all parties involved. That includes merchants, consumers, networks, and issuers. As it stands currently, merchants and consumers don't worry about fraud since they have no liability if it takes place. This proposal is so broad that it could affect other areas? Yes. As mentioned above, community banks will have to re-evaluate other lines of business and their profitability. The most obvious consequence to this

adment is that not only will consumers NOT see lower costs passed along to them, but they will actually see increased costs in other areas, since financial institutions will have to make up for that lost income elsewhere. The merchants and retailers are the true winners here as they have no requirement to pass these savings on to their customers. How can you support a bill or adment, that will continue to place financial burdens on the consumers and Banking industry when they are our hope to bring this economy forward. This is coming from greed and someone that is not using common sense. I wish we had people that would search out the real facts instead of self serving facts to get our nation back on track. It is hard to sit in a small rural community that retains honesty, truth, and values, yet see our people in power and authority making decisions that no common sense is applied to or utilized. People we need to take a step back and really look at what we are doing and who it is affecting or are you like all others and don't care!!! Thank you for the opportunity to express my concerns---I hope and pray it will make you atleast be your own person in your decision making.