

From: Curt Neumann  
Subject: Reg II - Debit card Interchange

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Comments:

February 21, 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:

We are opposing the Federal Reserve Bank's proposal to implement the debit card interchange fees and routing provisions contained in the Dodd-Frank Act.

We feel that the Federal Reserve should look at the effect the Act will have on small community banks such as ours--\$85million and 21 employees. We offer a reward free checking account that pays considerably higher interest from Dollar One than other checking accounts and it refunds all ATM surcharges to the customers. We rely on the income that we get from the debit card interchange to justify this attractive product to our consumer customers. With a steep cut in debit card interchange income, it would only be prudent banking to consider eliminating products that effect the safety and soundness of our bank with the consumer losing an attractive product.

In this period of a poor economy, small community banks are having a much more difficult time remaining profitable enough to sustain adequate capitalization. This would just be another factor that, in cumulative, can lead to community banking not being viable.

In the event the Federal Reserve decides to proceed with the issuance of a final rule, we urge the Federal Reserve to: a. Establish the "standards for assessing" that is required by the statute rather than explicit pricing caps. There are many other costs associated with debit card programs that effect the profitability.

b. Adopt Alternative A which permits card issuers to satisfy the requirement to enable cards issuers to process transactions over "two unaffiliated payment card networks".

Sincerely,

Curt Neumann