

From: Cynthia Mucala
Subject: Reg I I - Debit card Interchange

Comments:

Cynthia Mucala

February 22, 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:

The Debit Interchange Rule as currently written will most likely be beneficial to 'Big Banks'. Should businesses opt to only accept debit cards that charge them a lower rate, Community Banks will again suffer at the hands of the very banks that have caused many of the banking issues we as a nation have recently experienced. We have worked to train customers to use debit cards and have encouraged them from the aspect that it is safer to carry a debit card than cash or checks. We, also, have encouraged our customers to use a debit card in place of a credit card in an effort to keep credit card balances from growing. Our customers now like using a debit card and may opt to go with a 'big bank' card that can be used in more places or will revert to using a credit card. In our local area, should the businesses chose to only accept a 'cheaper' debit card, our local dollars will be moving out of our community.

Why do businesses feel they should receive this reduction in debit card interchange fees? Have they forgotten the days of trying to collect on HOT checks? Use of a debit card gives the business almost 100% guarantee to receive the funds on the purchases from their establishment. The bank is left trying to collect on the overdrawn accounts, as in my bank's case, we do not allow or encourage our customers to be overdrawn. The reduction in fees paid in the past by merchants to collection agencies alone more than compensates for the current interchange fees, not to mention the time saved by that merchants themselves trying to collect.

The Debit Interchange Rule is a lose/lose situation. The small merchants may loose customers if they do not accept their local community bank's debit card. And again, the community bank will loose income and may loose customers. The big credit card companies will win as more customers go back to using the credit card for all purchases, the 'Big Banks' with their lower debit card interchange fees and the larger merchants who can afford to loose 'Community Bank' customers will be the winners should the final ruling on this bill be released without further consideration.

Sincerely,

Cynthia Mucala