

From: Jane Skelton  
Subject: Reg I I - Debit card Interchange

---

Comments:

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:

As a community bank, the interchange issue is very simple - the Durbin amendment will arbitrarily fix the amount of revenue generated by our customers, however, there is no similar amendment to limit the EXPENSES we incur in order to offer debit cards to our customers. As a bank with less than \$200 million in assets and less than 1,000 debit card holders, the vendors who provide debit processing and interchange services charge me a MINIMUM expense regardless of the volume of activity we generate - that is NOT covered by the Durbin amendment. So now, the very slim profit we made on debit activity in 2010 (less than \$13,000 net revenues on transaction, offset by \$2,000 in Reg E losses the bank pays for - not the customer or the merchant!) will most likely turn into a loss after the Durbin amendment takes effect. My vendors have no intention of charging me less for their services and the government has determined that my revenues should be controlled and reduced. This is completely counter to the regulatory intent of preserving bank capital and returning the system to a productive and profitable environment.

Sincerely,

Jane Skelton