

From: Peoples Bank, Al I. Vermeer
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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Comments:

We are a \$350MM community bank in NW Iowa. Even though our interchange income is not a huge part of our net income, capping fees at 55-70% of current levels as in the proposal will cause us to show a loss on our debit card program. In turn, we will probably be forced to begin charging an annual fee to hold a debit card, a service that has been free at our bank in the past. Therefore, more customers, including those that use the debit card less, will end up being penalized. I strongly believe that market forces should be allowed to work without arbitrary caps being placed on fees. However, if caps are necessary, one that is closer to actual current levels must be considered. Thank you.