

From: North Georgia Bank, Haynes Standard, Jr.
Subject: Reg I I - Debit card Interchange

Comments:

Date: Jan 07, 2011

Proposal: Regulation II - Debit Card Interchange Fees and Routing
Document ID: R-1404
Document Version: 1
Release Date: 12/16/2010
Name: Haynes Standard, Jr.
Affiliation: North Georgia Bank
Category of Affiliation: Commercial
Address:
City:
State:
Country:
Zip:
PostalCode:

Comments:

I have read the proposed regulations that are required by changes in federal law to be made to Debit Card Interchange Fees and Routing (R-1404). While it was the point of Congress that the changes are only effective against large banks of \$10 billion and above, this will not be the case. It is almost too much to expect that any of the networks will be able to provide separate mechanisms solely based on the size of the financial institution that sponsors the debit card. All a two-tiered system would be very unwieldy and the costs to the industry would very much outweigh any benefits. It is much more likely that debit card networks will not separate out smaller community banks from large banks and every financial institution will see a significant reduction in income. Financial institutions and the card networks have borne most of the costs to create the networks that all merchants use and continue to bear most of the fraud and other on-going costs that are inherent in providing consumers with debit cards and access to electronic payment services. Our bank, which has about \$153,000,000 in total assets projects that the proposed changes will reduce non-interest income by over 10%. This will greatly affect the bank's ability to offer free and other low cost deposit products to our customers or will require the bank to pass along added costs to consumers which we do not believe is the intent of Congress. Thank you for the opportunity to comment on these proposals. Sincerely, Haynes Standard, Jr. CFO,