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Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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It is very disappointing to see proposed regulations that move the cost of doing business via card networks from the retail sector to consumers. Financial institutions cannot afford to process card transactions at the proposed rates, especially since fraud costs (which continue to increase since merchants are not will to adapt their networks for microchip cards) and personnel costs are not included when calculating the proposed interchange rate. Therefore, consumers will bear the cost by the elimination of free checking accounts, the elimination of debit rewards programs that return money to consumers, and a dramatic restriction in what consumers will even qualify to keep using debit cards. By accepting card transactions, merchants are able to limit stagnation in checkout lines, realize higher per-transaction volumes, and avoid the loss associated with returned checks. If the cost of the interchange is truly the issue, the merchant could simply offer a discount for cash transactions. These proposed regulations are further perplexing when it is realized that they are proportionally more damaging to smaller institutions. Though a \$10 billion minimum is listed, there is nothing to enforce that minimum, and there is nothing to keep merchants from refusing cards belonging to institutions under that asset size, effectively "freezing" them out of the market. I sincerely hope that much more attention is given to the details of this regulation.