

From: Aaron B Kastner
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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Name: Aaron B Kastner
Affiliation:
Category of Affiliation: Other
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

The proposed regulation on debit card interchange fees has major unintended consequences for the consumer. Not only have other countries enacted legislation with no corresponding price reduction to the consumer, the results have even been unfavorable towards consumers. Currently, I receive rewards points each time I use my debit card. If my bank experiences decreased income from the use of my debit card, consumers will no longer benefit from rewards points programs. Unfortunately, data has shown that retailers will not reduce prices as a result of this regulation. Therefore, consumers will not see reduced retail prices, they will be hurt by reduced rewards programs. In addition, I do not understand why the bank should not be allowed to charge the retailer for use of the processing system. The proposed regulation only entitles the bank to be "remibursed" a certain amount for each transaction. The "reimbursement" is based on the transaction cost. However, the transaction cost is only a part of running a debit card program. There are other resources, such as fraud, customer support, transaction support, and other expenses that are required to manage a successful debit card program. Why should the "reimbursement" be limited to only one piece of the entire transaction support? The proposed legislation is similar to only allowing a courier to charge for fuel expense on each delivery. In addition to fuel, the courier had to buy a car, hire a driver, pay insurance, hire routing support, and many other resources. The courier service would be out of business in a short time. Please reconsider this type of legislation as its consequences ultimately cost consumers and unfairly burdens banks. Data from other countries who have enacted such legislation does not support the reasons behind this proposal. Thank you.