

From: Wesley Walton  
Subject: Reg I I - Debit card Interchange

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Comments:

January 12, 2011

Dear Federal Reserve Board:

The proposed regulation is unfair and will throw a system that is currently in balance, out of balance. This simply shifts revenue from financial institutions to retailers, without shifting the expense for the systemic fraud. A significant amount of the current interchange received by financial institutions is used to pay for and combat fraud. This expense will have to be covered somehow. The customer will not receive much in the way of price reduction at the retailer level, but financial institutions will be stressed to charge this to the consumer in other ways and fees.

The market has currently struck a balance between paying for the fraud with interchange fees through the financial institutions. This regulation as currently written will upset that balance and cause unintended consequences.

Sincerely,

Wesley Walton