

From: Fritz T. Klein
Subject: Reg I I - Debit card Interchange

Comments:

Dear Sir

I have read with great interest the details on the proposed rulemaking for debit card interchange fees. As the rules set for cards in the US frequently set the benchmark for rules in other countries, I should like to provide some feedback.

One aspect of debit card interchange fees and processes might merit further elaboration in the proposed rules:

A way to compensate for lost revenue from reduced interchange fees for debit cards will be for banks to levy or raise fees that they charge the cardholder for debit card usage. Such fees, whether on an ongoing per transaction basis or on a yearly card fee basis, should be explicitly included in the calculations applied for debit card interchange setting.

As soon as revenue is received from more than one source for one and the same service provided (in the case of debit cards, from the merchant via interchange and from the cardholder via fees charged), transparency becomes of utmost importance. The customer cannot judge on the appropriateness of fees charged if he has no idea what other revenue is related to the service he consumes. Rules on such transparency should therefore also be envisaged - for example by requiring that, when charging a customer a fee for a service, other income received from third sources be explicitly mentioned when the fee is levied. Another, more radical approach would be to forbid outright the generation of revenue from more than one source for a service provided - in other words, either charge the cardholder or receive interchange. This would be the utmost level of transparency that could be achieved.

I thank you in advance for taking these aspects into consideration

Fritz T. Klein