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United States Senate

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SPECIAL COMMITTEE ON AGING

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551

Chairman Bernanke,

I write to you today on behalf of hundreds of community banks and credit unions in Kansas that will soon be subject to a new interchange fee reform rule that they have yet to see and whose consequences have yet to be measured. Two weeks ago, the Senate sent a clear signal that there is strong support for revising the Fed's December 16th proposal. While the vote on the Tester-Corker Amendment failed to reach the 60-votes required for passage, the level of support combined with the historic level of public comments submitted to your staff indicate that a significant change is needed to the rule prior to its implementation.

Of particular interest to me is that you use the flexibility granted by Section 1075 of the Dodd-Frank Act to ensure that your final rule captures what is the true "reasonable and proportional" cost of a debit card transaction. While the statute has some limitations on what can be considered, it does seem that your initial proposal has taken a conservative view of what expenses are incurred when determining the fraud prevention adjustment.

The Durbin Amendment's hasty inclusion in the Wall Street Reform Act was unfortunate but I hope that the Federal Reserve recognizes the potential impact of their proposal and revises the rule.

Thank you for considering my request,

Jerry Moran

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