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Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing

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Comments:

We are a small, privately owned payment processing company with 75 employees operating in the ACH and Credit Card arenas. We see a large number of responses discussing the concerns of banks of credit unions, but we don't see many responses by small businesses, such as ourselves, working in the payments industry. We believe there are issues that should be addressed that are not as obvious, but have potentially serious financial consequences for the small payment processor and consumers: 1. There is no requirement in the amendment for retail merchants to reduce or alter their existing pricing structure in order to pass on their savings to the consumer. 2. Because of the loss of revenue due to the difference in existing and proposed Interchange Fee caps, Banks will have no choice but to create new revenue streams to offset their losses, such as new fees to consumers. Our recommendation would be to implement a more realistic cap of \$0.45 to \$0.50 (these numbers are based on our experience of the average transaction cost). 3. A natural result of implementing unfairly low debit card Interchange Fees is for retail merchants to steer their customers toward Debit Card transactions and away from other payment methodologies such as ACH and Credit Cards, thereby reducing consumer payment options.