

From: Home State Bank & Trust Co., Joseph Harkins  
Subject: Reg II - Debit card Interchange

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Comments:

February 22, 2011

Jennifer J Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20th St and Constitution Ave, NW  
Washington, DC 20551

Dear Jennifer Johnson:

Dear Ms. Johnson,

We strongly disagree with current proposals to reduce the interchange fees that our bank receives from the use of Visa Debit Cards by our customers. This is a vital source of revenue for our bank, in part to offset risk of loss due to fraudulent card transactions. We continue to decline the opportunity to impose an overdraft privilege product on our customers as we feel it results in excessive fees on their part. Should our ability to receive Visa interchange income be restricted we may well be forced to look to other avenues in which to maintain a minimum level of fee income. The consumer will not benefit in this situation. Please do not proceed with implementation of the transaction limits until further study is undertaken and assurance is achieved that community banks will continue receiving equitable opportunities recoup the costs associated with offering a debit card product, including the risk of having to absorb fraud losses.

Sincerely,

Joseph Harkins