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Frederick E. Schea, President and CEO

February 2, 2011

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Re: Docket No. R-1404 and RIN No. 7100 AD63

We appreciate the opportunity to comment on the Federal Reserve Board proposed rule to implement the Durbin amendment to the Electronic Fund Transfer Act which will limit debit card interchange fees to our bank. Our concerns are as follows:

1. While we are technically exempt from the interchange fee rule, we believe we will be at a competitive disadvantage to the larger banks since merchants and networks will necessarily choose the most cost effective solution for them.
2. We have borne the brunt of fraud related costs as a result of identity theft of user information outside of our bank. Our costs include new card issuance, staff time in communicating with customers, reputation risk not of our doing and other costs.
3. Again, while we expect to be exempted, it is our belief we will be impacted anyway by the proposed rules. In order for us to substantiate our costs if required in the future, we will have to set up elaborate cost accounting systems to capture the level of transaction costs contemplated by the rule.
4. Anyway we look at the proposed rule we expect our income to be negatively impacted by market forces. Accordingly, our lower income is very critical to our ability to build our capital base and continue to provide the lending capability our community needs.

First Savings Bank of Perkasio is a \$1. billion mutual savings bank, located in Perkasio, Pennsylvania with ten banking offices. We are both a residential and a commercial lender to our communities located north of Philadelphia. It is our belief pricing should be set by the market and not by governmental edict.

Thank you for the opportunity to comment on the proposed rule you are tasked to implement by the Act. We are hopeful the effects of the proposed rule will be considered in light of the potential damage to the ability of community banks like ours to help our country through the economic turmoil of the last two years.

Sincerely yours,

Frederick E. Schea  
President and CEO