

Dalia F. Martinez

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

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

February 14, 2011

Board of Governors of the Federal Reserve System,

Thank you for the opportunity to comment on the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule. I am grateful for the process and especially grateful that as an American my voice can be heard.

As a consumer, I am very concerned about the state of our economy and the decisions being made by our elected officials as well as rules and regulations regulators are implementing. I am equally concerned with the expanded role the government continues to take in 'controlling' free enterprise. This interchange rule is one I am particularly concerned with as it has significant negative ramifications for consumers and banks.

As a result of this interchange rule banks will be forced to revamp their products and pricing models. I have read that many large banks have already eliminated Free checking accounts and are introducing new fees. It is only a matter of time before my community bank will do the same and I will be forced to pay for banking services which I currently receive for FREE! These additional fees will harm all consumers; the very consumer our elected officials claim to want to help.

During these difficult economic times consumers cannot afford to pay additional fees, especially for services we currently receive for FREE. My bank currently offers free checking bundled with mobile banking, online banking, telephone banking, and debit

cards; all of these services are currently FREE. I use my debit card daily and find it an extremely efficient way to pay for goods and services. I would not be amenable to paying for a debit card or paying a debit card transaction fee both of which my bank currently offers for FREE. If my bank charges for this service I will stop using my debit card and start using checks. Check processing is more expensive for both the retailer and the bank. Surely, the Board does not want to revert to the 'old way of banking'.

As a bank employee I see revenue streams drying up and am very concerned about the economic impact this will have on our community. If banks cannot make up lost revenue I am concerned they will be forced not only to charge for services which have historically been FREE but banks will also be forced to eliminate or severely reduce community donations. Again, harming the consumers our elected officials profess to be helping.

If this proposal moves forward my bank will likely see an approximate 75% percent cut in debit card revenues. As a result, we will have to consider:

- Charging a monthly or annual debit card fee
- Charging for online banking & mobile banking
- Reducing the number of hours we operate
- Reducing the number of branches we currently operate which in turn may result in employee reduction

The aforementioned clearly will harm not only the consumers but the communities we serve. Multiply this across the United States and you can clearly see the harm this rule will cause in communities across America.

Currently retailers are not required to ask for identification at the point of sale. This results in millions of dollars in losses that banks have to bear. Retailers should be required to share in this loss or the Board should include in the calculation of the fee: network fees; the cost of inquiries and disputes; fraud losses and fraud prevention costs; fixed costs, including capital investments; and a reasonable profit.

Our bank is opposed to the proposed rule because the proposal does not permit our bank to cover the cost of providing debit card transactions, which will create new maintenance and other fees on checking accounts. Low and moderate income customers will find it more difficult to maintain a bank account and will have to turn to more expensive, less convenient, non-traditional banking services. At the end of the day customers with high average balances may be able to avoid service charges, while most low to moderate income individuals will NOT be able to avoid these services charges. Consequently we will add to the millions of Americans that are currently unbanked as these individuals will no longer be able to afford a bank account. This is perhaps the biggest unintended consequence of this rule.

Community-based banks are suffering enough under the weight of the economy and excessive regulation. For the reasons stated above we are opposed to capping interchange fees at 7 or 12 cents. It will have a significant impact on our bank, our customers, our operations, and our community.

It is easy to vilify banks after the financial crisis however, this will not help consumers. Community Banks did NOT cause the financial crisis. Overreacting and imposing hundreds of new regulations, in particular this interchange rule will NOT help rebuild confidence in our banking system. To the contrary when new fees are introduced it will convince consumers that banks are the villains.

Help us rebuild consumer trust in Banks by repealing this rule or delay's implementation of this amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Dalia F. Martinez". The signature is written in a cursive, flowing style.

Dalia F. Martinez