

George McKenzie

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

February 14, 2011

Board of Governors of the Federal Reserve System,

First, thank you for taking the time to read my concerns with the "Debit Card Interchange Fees and Routing" rule.

As a citizen of this great nation I firmly believe that too much government intervention will eventually cripple our economy and our ability to remain competitive around the world. I have always believed that a "Free Market" will always correct itself and find a way to balance itself out. I don't say that we don't need customer protection laws, but our Congress continues to pass legislation that makes absolutely "no sense". This additional regulation would do more harm than good to the American consumer. Our Congress in my personal opinion has acted and behaved in an irresponsible manner by passing legislation without researching how it will affect the nation as a whole. The "Debit Card Interchange Fees and Routing Rule" makes no sense and will directly affect me of which I will bullet point in my letter below.

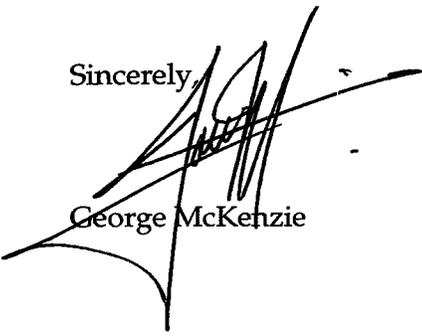
- First this whole notion that the retailers will pass on the "savings" to our consumers if they pay lower interchange fees is nonsense. We all know that the reason why any business goes into business is to make profits, retailers are no different. No savings will come to me as a consumer whatsoever, but more money will be in the pockets of our retail stores instead of the consumer of which ironically retailers are claiming will pass on the savings to me the consumer. Simply put there is no legislation mandating the retailers to pass on those savings at all, so they simply won't.
- If you check in with banks you will see that many are doing away with many of their "Free" products. As a consumer who has a checking account in a community bank I enjoy the bundled free products and services that come with it. My biggest concern is that my bank will have to start charging me for all the services that I have received for free for so many years due to more regulatory hardships that are being imposed on it. I don't blame my bank, but those that pass these stupid regulations. I enjoy many of the free services that come with my checking account of which my bank provides me with

such as: free debit card, free online banking, free mobile banking, and no monthly service fees whatsoever on my checking account. My account is "100% FREE", I emphasize this because I don't want to pay for these services, but if this 7 or 12 cents cap on the Interchange fee goes to affect it will cause many banks not to be able to subsidize these free products since there will be no money to support them. Banks will eventually have to charge for these products while our retailers pocket the savings. I asked my bank how much it cost them just with visa alone, "13 cents" definitely not enough to cover it with the 12 cent cap.

- As an account holder and a consumer I still need to have a checking account to pay my bills and purchase goods and services. I will be forced not use my debit card and will have to pay with cash since my bank will charge me just to have a debit card on my account due to this Interchange cap. This is very inconvenient for me since carrying cash is not only dangerous, but also very inconvenient. I will have to write out more checks and pay with cash so I don't incur another bank cost. It seems like if we are regressing back in time when we will use more checks and pay more with cash. Remember we live in the digital age so let's not move backwards but forwards.
- Do you know who takes in the cost or risks on fraudulent activity on debit cards when the customer disputes fraudulent transactions? The banks do, which will be something banks will most probably not do any more due to more impediments on them on making any money to cover their costs. We live in a digital world, which has seen an increase in card usage which means fraud costs are high and currently banks absorbed this costs to protect and satisfy me the customer incase I am a victim of fraudulent activity.

As a citizen who has a checking account and buys products using my debit card, I am very concerned with the direction our country is taking toward our banks. I urge you to make a more detailed analysis and speak to banking industry leaders to understand how this will affect me the consumer of who you and our Congress is suppose to protect. This Interchange rule is not going to make my life any easier and will have more of a negative effect on all Americans. Our costs will go up just to have a checking account and not to say all risks the consumer and businesses will have to absorb due to the Interchange Fee rule.

Sincerely,



George McKenzie