



First National Bank

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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RECEIVED
OFFICE OF THE CHAIRMAN

February 16, 2011

Ben S Bernake
Chairman
Federal Reserve System
20th St & Constitutions Ave, NW
Washington, DC 20551

Dear Mr. Bernake:

I serve as the Chief Executive Officer of First National Bank of Pulaski, Tennessee. We are a community bank that has served our rural market area since 1938. Although we are a small bank of only \$600 million in assets, we serve a key role in our community as the leading financial institution, thus taking a leading role in promoting economic development and job growth.

Recent legislation passed via the Durbin Amendment to the Dodd-Frank Bill will have a significant negative impact on community banks and rural America. The Durbin Amendment imposes price fixing on debit card transactions. This effort will take revenue away from the banks that developed the debit card payment system and who accept the risk for the transactions. It will result in transferring that income to the retailers who are the beneficiaries of the debit card payment system. The Durbin Amendment is the result of the lobbying efforts of big box retailers that have greatly benefited from the debit card payment system and have now been successful in seeing legislation pass that will transfer income from the service provider and risk taker to those that benefit from the system.

I request the Federal Reserve not implement the proposed price fixing measures at the currently proposed levels that will reduce revenue to banks such as First National Bank by as much as 70%. If the proposed price fixing is permitted to go into effect, we and other community banks must reduce other costs that will ultimately result in limiting our ability to promote economic development and job creation.

Sincerely,

Mark Hayes
Chairman and CEO