

February 9, 2011



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

Dear Ms. Johnson:

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

The implementation of the Durbin Amendment at the rates reported in the banking trade publications of \$0.07 to \$0.12 per transaction is economically infeasible for our institution. United Bank of Union is a 77 year young community bank. With an asset base of \$277MM serving Franklin County and those counties abutting it, we pride ourselves on our adoption and promotion of cutting edge financial services. We have 71 employees working in three branches to provide our customers with a name and a face to resolve their problems, instead of an email address, and toll free phone number to an offshore call center. Our depositors have entrusted \$110MM in transactional deposits to our care, and those depositors hold 6,426 debit cards with which they access their funds.

In 2010 those cardholders engaged in 447,299 transactions with an average transaction amount of \$29.79. While the majority of these transactions were executed within 500 miles of Union, Missouri, we know that our debit cards were utilized on five of the seven continents that make up planet Earth. At this writing we have not determined if any of our depositors visited Australia, and to the best of our knowledge there is no debit card service in Antarctica.

United Bank of Union provides debit cards as a convenience for our customer and to capture a revenue stream from the transaction fees that they generate. The expenses incurred by United Bank of Union for this service in 2010 totaled \$238,728.12 or \$0.53 per transaction. This is a 4.5 multiple of the most generous rate that has been proposed; and does not provide any return to United Bank of Union for the investment made or risk incurred in providing this service.

Debit cards provide depositors with easy access to their funds, they provide peace of mind knowing that their liquidity is password protected, they provide merchants with instant access to their daily remittances and have reduced merchant losses due to bad checks. Debit cards pose risk to the issuers beyond the control of the issuing institution. In 2010 United Bank of Union had to reissue 2,000 cards due to systemic fraud following the failure of one or more merchants to properly secure their captured data. These cards were reissued at no cost to our depositors. Additionally, United Bank of Union refunded any charges that were fraudulently incurred against our depositors. Under your proposed fee structure, United Bank of Union will not have the revenue stream to fund these expenses.

PO. Box 500

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636-583-2555

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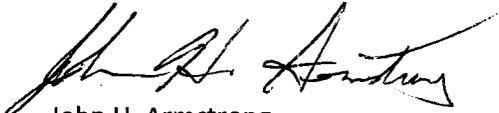
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Consumers like the convenience of debit cards. Discontinuation of debit card services is not a viable option. If interchange fees are regulated as proposed, the revenue deficiency will have to be covered from other revenue sources. Potential revenue sources include late payment charges, overdraft fees, increased interest on loans and reduced interest paid on certificates of deposit held by fixed income retirees. How ironic, that in the name of fairness, the burden of payment is shifted from the beneficiary to an uninvolved by-stander.

The market place developed the debit card. The market place will price debit card interchange fees competitively if given the chance. The fiat regulations that are being proposed have no relation to the cost of providing the service.

Please let the market place work, in a timely and unimpeded manner.

Sincerely,
United Bank of Union

A handwritten signature in black ink, appearing to read "John H. Armstrong". The signature is fluid and cursive, with a prominent flourish at the end.

John H. Armstrong
Vice President of Commercial Lending