

February 14, 2011

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

Dear Board of Governors of the Federal Reserve System:

I am a bank employee who is concerned about the economic consequences of this new rule. My company might be forced to eliminate many of our free services, such as free checking, or charge customers for debit cards, so that we will be able to compensate for the lost revenue from reduced interchange fees. This hurts the consumers this rule was intended to protect. Apparently, the only beneficiaries of this rule are retailers. The rule does not require that retailers pass along even one penny of their savings to customers. Meanwhile, banks, forced to lose money on debit interchange transactions, will be forced to compensate by increasing fees for deposit customers. Therefore, consumers will be financially harmed by this rule, not helped. I also believe that consumers, over time, will switch back to the old methods of payment by paper check or cash in order to reduce costs. Consumers will incur inconvenience and risk from switching back to the old payment methods. The fact is that retailers receive tremendous benefits when they accept debit cards for payment, including higher sales, lower costs and guaranteed payment. That's why millions of retailers have chosen to accept debit cards.

The bank I work for will lose significant income, virtually making the debit card program unsustainable. The bank I work for will be forced to consider elimination of debit cards, or a charge directly to the consumer per transaction, or a monthly fee, or at most both. 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.

Also, remember that in transactions where the card is present, merchants are guaranteed payment and the issuer suffers the loss in the event there are no funds or a valid account. In contrast, checks may be returned unpaid and

[Recipient Name]
February 14, 2011
Page 2

merchants suffer the loss. None of the so called benefits of this cost transfer from the merchants to the banks will be passed on to the consumer by the merchants. The merchants who cried out for this transfer of cost will find a huge increase in processing expenses at their stores due to the increase in checks and cash they will now have to handle. This cost will inevitably be passed on to the consumer.

This proposed rule is a government imposed price control and will affect my banks ability to fund operational costs for programs such as Free Checking and Mobile Banking. This action is a direct attack on consumer use, since the debit card has become a fundamental part of buying products and services. While the rule is intended to protect consumers, it is simply government price controls, which are inappropriate for debit card transactions and will not work. These price controls will lead to inefficiencies in the payment system and will stifle innovation and improvements.

Sincerely,

A handwritten signature in black ink, appearing to read "Boyd Carter", with a long horizontal flourish extending to the right.

Boyd Carter
Banker and Concerned Citizen