

February 14 2011

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

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

Ms. Johnson,

As an individual citizen of these United States I rarely feel I have a chance to weigh -in on an issue that will negatively affect so many of my fellow citizens. However, upon learning of the potential interchange fee changes for debit cards, I felt it necessary that I provide my feedback for your consideration.

These changes can only end up in the addition of charges for services currently provided for free by many of the financial service organizations throughout our county. I understand no service is trully free because some services will make profits which are then used to pay for those "free" services. I see that practiced in almost every business in America, as "loss leaders" are used to entice the purchase of additional, more profitable goods and services. Yet I see no government efforts to stop that practice.

Additionally, as the costs of the debit card transaction are passed to the financial institutions from the retailers, I fear an actual reduction in the number of regional and local financial institutions, as they will not be able to profitably provide these debit card services within the guidelines proposed for the interchange charges. It is this reduction in the competitive environment for financial service organizations that I fear the most. Because without competition, the only growth will be for mega-financial service organizations that will continue to ignore the small businesses and individuals in favor of the corporate businesses, as they have and continue to do today.

If my bank is forced to pass on the debit interchange fees to me through increased fees and elimination of "free" services, I will be forced to return to paying with cash or check. I truly doubt retailers will welcome a return to the days of a cash/check based business and all the security and crime related issues to go with that environment. With the cost savings and efficiencies the customers and retailers have been able enjoy through the use of debit cards, it seems this regulation will only kill the goose that lays the golden eggs.

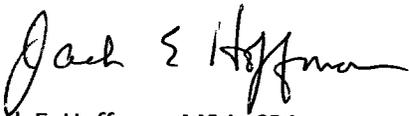
I have heard the retailers will pass the reduction in fees to the customer at the point-of-sale. Not going to happen. But I guarantee you when my fellow citizens lose their "free" banking services, and are faced with paying \$6, \$8, \$10 per month to carry a debit card, many will return to the dark ages of paying

cash and writing checks. Do you think the retailers will prefer to significantly slow the transaction process by having to verify identification and process those checks, rather than pay a small fee to electronically process the payment? I think not. I can even see this leading to some "big box" stores, such as Wal-Mart, beginning to offer payment cards without fees that work like debit cards as long you deposit funds with them, not a good idea.

I bank at a community based bank that provides debit cards for use with savings and checking accounts. I truly value being able to use the debit cards for the convenience and the safety of the transaction. I would hate to see the debit card become a thing of the past.

Thank you for listening, I hope you will take my concerns seriously and reverse this egregious regulation before it becomes law.

Sincerely,

A handwritten signature in black ink that reads "Jack E. Hoffman". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

Jack E. Hoffman, MBA, CPA