

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

February 15, 2011

Board of Governors of the Federal Reserve System,

I would like to take a moment to voice my concerns on the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule.

With the reduction of interchange fees, I've now learned that banks will likely reduce or eliminate many of their free services. If this rule is enacted, I can expect new fees and charges from my bank for services I've received free for many years. Restricting interchange fees will force many banks to make up for lost revenue by charging for debit cards, and eliminating many free services. This will create a significant budgetary issue for me, as I simply CANNOT afford to pay for a service I habitually use for free!

The only beneficiaries of this harmful rule are retailers, who will take home an additional \$15 billion in profits - and I am one of millions of consumers who will be left to deal with the consequences. Since the rule does not require that retailers pass along any of their savings to consumers, and since banks will be forced to compensate for lost income by increasing fees for deposit customers, this means customers lose not once, but *twice*.

Retailers already receive 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 - and that number is growing. But please consider that these same retailers will also be negatively affected: if debit card use declines and customers return to using cash and checks, the very merchants who cried out for this transfer of cost will find a huge jump in processing expenses at their stores because of the increase in checks and cash they will now need to handle. Again, it is the customer that ultimately pays the price.

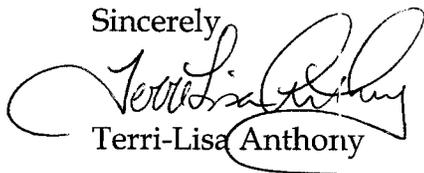
Additionally, if debit card use declines and customers increase cash use, store operators and clerks will no doubt face increased security threats by having so much cash on hand. We can also expect to see an increase in check fraud. District Attorneys will be labored with having to prosecute for a crime that can be prevented through debit card use, therefore increasing local and state budgets.

I would like to suggest that The Board include in the calculation of the fee: network fees; the cost of inquiries and disputes; fraud losses and fraud prevention costs; fixed costs, including capital investments; and a reasonable profit.

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.

Thank you for taking the time to consider my point of view, and hopefully to seriously take these points into consideration before adopting a final stand.

Sincerely,

A handwritten signature in black ink, appearing to read "Terri-Lisa Anthony". The signature is fluid and cursive, with a large initial "T" and "A".

Terri-Lisa Anthony