

February 11, 2011

Freedom of Information Office  
Board of Governors of the Federal Reserve System  
20th & Constitution Avenue, NW  
Washington, DC 20551

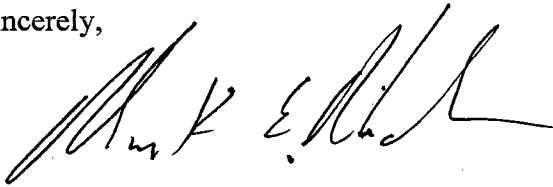
Proposal: Regulation II – Debit Card Interchange Fees and Routing  
Document 10: R-1404  
Document Version: 1

Comments:

I am writing as a community banker of a \$1.2 billion dollar bank holding company. I have grave concerns about the fairness of the proposed cap on debit card fees. Even though banks of \$10 billion and less are exempted by the proposed regulation, the effects of fixed rate fees on debit card transactions will eventually be felt by smaller banking companies. The market will direct debit card activity and the ensuing fees to the lower cost provider. Merchants are being given the discretion of choosing the routing system of least cost to them, with no requirement to pass any of their related cost savings to the consumer. The end result will be less revenue for our bank to provide the quality of service our customers have grown accustomed to receiving. The consequence of these regulations will be to the overall detriment of our customers. Our bank will find it necessary to review all banking activity fees in order to generate the lost revenue of the debit card fees. These reviews will most likely cause increases in consumer fees related to their banking activity.

Thank you for this opportunity to comment on the proposed regulation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E Rhodes', written in a cursive style.

Mark E Rhodes