

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 15th, 2011

Board of Governors of the Federal Reserve System,

Thank you for the opportunity to comment on the Federal Reserve System's proposed "Debit Card Interchange Fees and Routing" rule. The only beneficiaries of this harmful rule are retailers, who will take home an additional **\$15 BILLION** in **PROFITS** - and I, as a consumer, will be left to **PAY** for the consequences. The rule does not require that retailers pass along even **ONE** penny of their savings to me, their customer. Meanwhile, banks, whose interchange fee income is now being **DICTATED** by Congress, will be forced to compensate by charging **ME**, the consumer, for banking services I have enjoyed for free over the last 10 years. Why should I, the consumer, now have to bear the burden of paying for fees (in the form of increased banking costs) that were once paid by retailers that enjoy the benefit of being in business?

From a business standpoint, operating a business costs money. 10 years ago, small businesses weren't able to compete with larger businesses due to economies of scale in regards to their treasury and banking departments. In order to accept a check as a form of payment, the business took a risk by giving a customer goods and services in return for their promise to pay (check). 10 years ago, larger businesses enjoyed economies of scale in the form of their treasury management/cash handling departments. Nowadays, the use of cash and checks to pay for goods is dwindling and smaller businesses are able to compete with much larger businesses due to the increasing use of debit/credit cards as the main form of payment. Is it right that retailers shouldn't bear some of this cost? Do retailers have to worry about transporting and protecting cash or accepting counterfeit cash? Not so much because cash isn't popular anymore. Do retailers have to worry when someone writes a check and there is no money in their account? Not so much because retailers aren't accepting checks anymore. When a debit/credit card is approved for payment, the retailer gets paid sometimes in as little as a few hours even if there are insufficient funds in their checking account.

Debit/credit cards are a **BENEFIT** to the **RETAILER**. Some estimates state that the debit card has added **\$1 TRILLION** to our GDP because of its convenience as a form of payment. All of these costs that were once paid by the retailers have been shifted to the banks. Up until now, the bank was able to pay for these costs by receiving debit interchange fees. But now, the retailers want to limit how much they are being charged by the banks for the added benefits that come with the increased use of the debit card. As a result of the proposed "Debit Card Interchange Fees and Routing" rule, banks will be forced to replace the debit interchange fees with increased fees from consumer banking products that were once free. Why aren't retailers paying their **FAIR SHARE**?

If this proposal passes, I, the consumer, will be forced to question whether having a debit card is worth the \$10/month fee that it will cost me. If it cost the consumer \$\$\$ to use a debit card, people won't use them as much. The government is funded by tax dollars. What's going to happen to our budget deficit when everyone starts using cash again and the estimated \$1 Trillion in GDP associated with the use of debit cards is removed from the tax rolls? This proposal is just another form of government price control and will not work. What's funny is that all of the proposed changes are the result of "consumer advocates" telling everyone what's best for the consumer. **INCREASED BANKING COSTS ARE NOT WHAT'S BEST FOR THE CONSUMER.**

Sincerely,
William Woodring

