

Proposal: 1748 (AG15) Regulation II - Debit Card Interchange Fees and Routing

Description:

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Comment ID: 139681

From: Kirk Jones

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Subject: R-1748; Regulation II - Debit Card Interchange Fees and Routing

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Comments:

NONCONFIDENTIAL // EXTERNAL

Ann Misback Secretary Board of Governors of the Federal Reserve 20th Street and Constitution Ave Washington, DC 20551 Re: Proposed Changes to Regulation II- Debit Card Interchange Fees and Routing (Docket No. R-1748, RIN 7100-AG15OP-1747) Dear Ms. Mishback: Community banks are already struggling against tax-free banks (credit unions) and megabanks. Now the FED wants to make it even more difficult for community banks to compete by making it more expensive to provide debit/credit cards to our customers. Community banks are always caught in the collateral damage of regulation gone awry, but this proposed regulation of interchange channels is a doozy. In the first place, it will be impossible for us to comply with the proposed regulation. Think about it for a second. Our cards already work with several networks, including NYCE, Plus, Pulse, Star. What happens if one of our our customers goes to a store far away from our bank that only works with one of those networks? We have just violated the regulation. Will this regulation force us to join every network out there? Well, that's expensive. Moreover, please help me understand what problem this regulation supposed to address? Is there a problem? My community bank will experience an expensive challenge to fix something that is not broken, because of what? Because people who want to blame mega banks for the 2008 housing crises are back in charge? Seriously? Community banks didn't cause that problem. I haven't even addressed my fraud concerns. My bank already spends a lot of money on fraud. We pick debit/credit networks that help us detect and limit fraud losses. Yet this rule will upset that paradigm and force us to accept transactions from sketchy networks chosen by the merchant because just because it is cheap. Consumers will not benefit. Regulation II should not be expanded. I would rather spend my resources offering customers new options like faster payments systems that are becoming available now than the distraction of revisiting my Durbin Amendment compliance posture. To enable a truly competitive marketplace, I strongly encourage the Federal Reserve to withdraw the proposed rule to expand routing controls to card-not-present debit transactions and the requirement to have two debit networks for routing. Thank you for the opportunity to submit comments on this matter. Sincerely, Kirk Jones