

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Description:

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From: Tammy Bobo

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Comments:

As the president of a local community bank in Ohio, I am highly concerned about the repercussions of the Federal Reserve's proposal to lower the current limit on debit card interchange fees further.

The Federal Reserve's initial cap on debit card swipe fees in 2011 is a cautionary tale of how interchange fees negatively impact community financial institutions and consumers. The 2011 cap didn't help us then and won't help us now. For example, studies show [<https://www.fdic.gov/news/press/2015/150915a.html>] that the Fed's 2011 price cap on debit card swipe fees reduced earnings at nearly three-fourths of community banks and credit unions. Of these, roughly one-third reported facing a "significant negative impact," with loss estimates ranging from 7 to 30 percent. This rule will only further harm local banks' ability to succeed and serve our communities.

Even the Fed's own research [<https://www.fdic.gov/news/press/2015/150915a.html>] demonstrates that the 2011 cap forced banks to raise minimum account balances and scale back free checking accounts at the expense of the low-income customers who depend on these services for affordable banking.

The Fed must protect the community financial institutions that consumers in Ohio and across the country rely on. The Fed should go back to the drawing board with this proposal and instead focus on increasing access to banking and minimizing inflation.

Sincerely,
Tammy Bobo

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