

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

Description:

Comment ID: 158378

From: Kish Bank, Mark J. Cvrkel

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Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Regulator.

I appreciate the opportunity to comment on the Fed's proposal to lower the debit interchange price cap in Regulation II (implementing the Durbin Amendment).

One of the greatest challenges we face is delivering low-cost deposit products to the full spectrum of our customer base. Those products include fundamental free checking that include more complex (costly to deliver) electronic and digital access, fraud prevention, and claims of fraud loss that banks everywhere must absorb, regardless of where breaches and hacks happen within the payments system, very rarely in banks. Our investment in fraud prevention has been one of our fastest growing expenditures in recent years.

One source of revenue that has helped to enable the provision of loss-leading checking accounts and payment system services is interchange fees collected in conjunction with debit card usage. This is essential to Kish in continuing to offer free checking accounts in our market area, which needs a focused community bank like Kish to offer. You will not find any lobbyists in DC telling our story of defending our position in this matter. I would expect major retailers (some of which created huge loss-leading data breaches) to be on the doorsteps of our elected officials selling substantial savings for the consumer. My opinion it would just increase the bottom line of these retailers.

At Kish Bank we pride ourselves on our service to our communities, especially our capacity to sustain branch delivery and access to payment systems through a network of branches and services to our smallest rural communities. We maintain branches to serve the rural community even when those branches do not create the returns to justify their existence. Kish has added branches over the years in hopes of serving an underbanked market where larger financial institutions have abandoned.

Regulators needs to recognize the impact of their decisions on America's community banks that serve the full range of banking needs across a wide spectrum of consumers, small businesses, and communities. We do not have the capacity to offset this revenue source and the lower income communities which we serve will be unable to pay service charges on their current free checking accounts. I strongly recommend that the proposal should be withdrawn until the full impact has been assessed and there is a full appreciation of the real-world challenges facing small community focused banks such as Kish.

I have worked at much larger financial (greater than \$100B) institutions over my 45-year banking career and by far Kish is the best organization I have ever worked for. The reason is that the bank genuinely cares about their community and the people who work at Kish.

Thank you for your consideration of our strongly held views on this important matter,

Mark J. Cvrkel
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