



Farmers Bank

May 9, 2024

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Ms. Misback:

RE: Debit Card Interchange Fees and Routing [Docket No. R-1818, RIN 7100-AG67]

It would be an easy task to attach my name to a form letter asking the Federal Reserve to reevaluate further decreases in the debit card interchange fee, but the current proposal deserves a greater request from me. I am sure that you have heard bankers' arguments to defend debit card fees – including the fraud losses, the IT infrastructure cost, staff time and many others. Those are all true, but my greatest concern is the effect that it will have on our communities and our customers.

I acknowledge and appreciate your desire to protect small community banks with exemptions in the proposal but, unfortunately, the Durbin amendment proved that this intent does not carry over into reality. For us to stay competitive in our markets, our \$425MM bank will have to adjust our fees to compete with larger institutions like Chase, Huntington, Truist and Fifth Third. Thus, the perceived exemption is, in fact, fiction. Additionally, our bank, without diverse revenue streams, will have to either tweak fees somewhere else or look for areas to cut expenses, most likely in community support initiatives, in order to continue to stay competitive. Both of these strategies will negatively impact the markets we serve, further reducing our "community bank" reputation.

Finally, my fear is that the very ones this proposal is trying to help will undoubtedly be harmed through the increase of fees elsewhere. I am reminded of the comment made by Home Depot's CFO regarding the last debit card fee proposal who indicated that the Durbin Amendment generated a \$35MM windfall profit to their shareholders. Please take note of that - someone will have to pay for those corporate windfall profits, and, in small part, it will be our customers.

For this reason, and many more, it is critical that the Federal Reserve reevaluate any further decreases in the debit card interchange fee.

Sincerely,

Paul M. Reed
Chair and CEO