

From: Norris Annis III  
Subject: Reg I I - Debit card Interchange

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Comments:

February 17, 2011

Dear Federal Reserve:

I wanted to contact the Federal Reserve today to tell you that debit card swipe fees are a tremendous cost to our small family business'. These costs must then be passed onto consumers in the way of higher prices on goods and services. This practice is unfair. The banks shouldn't be allowed to set fees for all debit cards. They should have to compete on price just like every other business in the country does, including ours. I applaud the work that the Federal Reserve has done to come up with the proposed rules. I do want you to know that I don't think there is any good reason for interchange on debit transactions. I don't pay any fees to take a personal check and I don't think I should have to pay any fees to take a debit card either. However, while I don't think any fees should be charged as they must be passed onto the American consumer, the proposed rule is a step in the right direction towards limiting fees on these types of transactions. The banks already have an incentive to give their customers debit cards as they are a cheaper way for their customers to access their own money as opposed to using tellers, paper check ect. Banks should not be allowed to use interchange as a source of excessive profit taking by fixing fees. The average American cannot afford to continue to be manipulated into paying higher prices because of the greed of our banking system. I hope that in the final ruling the 7 cent safe harbor is the maximum at which banks can continue to take advantage of merchants and customers. To be honest, I think that amount is still too high.

Hopefully more competition in routing these transactions comes about as well. While these fees are not as big as interchange they're growing at a faster rate and are very significant.

The dominant card networks cannot be allowed to reap the benefits of excluding their smaller rivals from signature transactions. The more choice we have the better it will be for all merchants and consumers. I ask that we have a choice on all transactions and your rules provide for it.

Finally, please remember that merchants already spend lots of money due to fraud on a daily basis. Debit cards are not guaranteed payment. On top of that the cost of PCI compliance has been heaped onto us as well. This had led to many costly software upgrades and changes as well as increased employee training that is costly as well. Even programs that we use to run our software now cost us more because of the costs passed onto them associated with PCI compliance. There is no way we should have to pay more unless the banks come up with a system to reduce all of the current costs we're forced to deal with.

Debit fees are the number two cost in our businesses next to employee labor. They're growing every year and we need you to build upon the important progress you have already made in proposing these rules by finalizing them and putting them into effect as soon as possible under the law so that we and our customers can start to see some real relief. Thank you very much for your continued work on this issue and for your

consideration of these comments.

Sincerely,

Norris Annis III