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Comments:

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I am commenting on Regulation II - Debit Card Interchange Fees and Routing [R-1404]. While it is admirable to try and control consumer costs in this economy, this regulation hits far from its intended targets. The only ones that will gain will be the big box stores, and they will gain a LOT, at the expense of the everyday citizen. The unintended consequences of this bill are huge. If the banks are required to maintain a debit card program at either a loss, or at breakeven, they will do many of the following: 1. Charge consumers higher fees to maintain checking accounts 2. Charge consumers every time they use their debit card 3. Charge merchants a cash handling fee on deposits that are not done electronically 4. No longer guarantee debit card transactions, since they will operate at par, same as a check 5. Stop issuing debit cards. If there's no profit to be made, there's no incentive to issue Also, our government has made many changes to capture unreported income on sales made by cards. With one huge consequence of the legislation being less card usage, and more cash usage, there will be a LOT more unreported income. Of the proposals being considered, none are viable as none consider the value that a merchant gains by accepting debit cards. 1. Their sales go up when taking debit cards. With less cards issued, their sales will decrease 2. Their sales are larger when not tied to customers cash on hand 3. Their debit card sales are guaranteed, whereas a check that is processed at par is not 4. They get their deposits in 1-2 business days without having to go to a bank 5. They are able to maintain less cash in their establishments, reducing the risk of theft 6. There are no hold times on deposits, unlike a check that may have a 7 day hold Bottom line, while the intent of the legislation is to reduce costs to the American public, what it will actually do is increase costs to consumers with higher fees that debit card programs are now covering. The only beneficiaries of this proposal will be the extremely large stores, and the savings they receive most likely will NOT be passed onto the consumers. One last note: Our system is a capitalistic system, and price controls rarely if ever work as intended. If our government deems it necessary to control prices here, why not expand this idea and tell car makers they must sell their cars at

cost, or require landlords to rent their properties at the mortgage cost? When you require items to be sold at cost, those items will not continue to be sold. There is no reason to sell something if there is not a profit to be earned.
With Respect, Gary Martin