

From: Anonymous
Subject: Reg I I - Debit card Interchange

Comments:

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Proposal: Regulation II - Debit Card Interchange Fees and Routing
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Name: Anonymous
Affiliation: consumer
Category of Affiliation:
Address:

City:
State:
Country:
Zip:
PostalCode:

Comments:

Docket No. R-1404 and RIN No. 7100 AD63, Implementing arbitrary limits to transaction processing fees will not benefit consumers, small business or banks. It will simply interfere with market forces and create unanticipated and unwanted consequences. If banks cannot recoup the full cost of the debit cards, including facilities, people, R&D, etc. they may choose to stop offering debit cards, choose to charge fees to some or all customers using debit cards, increase checking account fees, limit transaction amounts or otherwise choose to restructure the product to offload costs to merchants and consumers. Suggestions that lowering these transaction fees will cause merchants to lower prices is naive and misleads consumers into thinking that this is a pro-consumer regulation. It is not. It may very well serve to make consumers choose between paying fees for the debit cards or reverting to cash and checks. Initially, merchants may find the concept appealing but if it limits the use of electronic payments and increases the use of checks, merchants will find that processing physical checks and being responsible for NSF, fraud, float and other check processing issues increases their overall expenses. The government would be better off ensuring an open market, removing obstacles for new payment technologies and simplifying regulations. These actions would reduce transaction costs and create competition, benefiting everyone. The proposed rules demonstrates a poor understanding of the payment industry and they will increase overall costs, stifle innovation and create regulatory barriers that effectively reduce market competition, which will eventually drive up costs. If regulations were graded on the probability of achieving their stated goals, this one would receive an "F".