

**Meeting Between Governor Duke and  
Representatives of the Florida Bankers Association  
May 11, 2011**

**Participants:** Governor Elizabeth Duke (Federal Reserve Board Member), Katie Ross and Jennifer Gallagher (Federal Reserve staff)

Florida Bankers Association representatives: Robert Adrid, Otello Alessio, Michael Aloian, John Barrett, Glenn Blackwood, Jeffrey Bloemker, Ralph Bogan, Glenda Bogan, Gregory Bryant, Tawana Carter, Georgina Chaveco, Guillermo Chiang, Casey Christopher, Guy Colado, Ray Colado, Miller Clouse, James Creamer, James Crews Jr., Luis de la Aguilera, Guillermo Diaz-Rousselot, Anthony DiMarco, Vera Dio, Joseph Dorsey, David Eckardt, Michael Fields, Connie Frady, Patty Gorman, Vincente Gregorio, Roy Hellwege, Nan Hillis, David Ingle, Christopher Jenkins, David Key, Allison Kinney, Mary Knauer, William Knibloe, Robert Knudson, John Landers, Tucker Longabach, Daniel Mahurin, Brandon Marsh, James McKillop, Michael McMullan, William Moor, Gregory Nelson, Oscar Ortiz, Bruce Page, Thomas Pennekamp, Alberto Peraza, Gladys Peraza, Patricio Perez, Bradley Reeves, Pamela Ricco, Paul Rountree, Alejandro Sanchez, Lazaro Sarabia, Marcus Soud, James Stalnaker Jr., Michael Storey, Thomas Tait, William Taylor, Timothy Terry, Renee Thompson, Henry Torres, Jorge Triay, Carlos Vazquez, Israel Velasco, Robert Wacker, and Diana Preston (Americian Bankers Association representative)

**Summary:** Representatives of the Florida Bankers Association (“Association”) met with Governor Duke to discuss implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Representatives of the Association stated that many banks remained cautious about lending, in part because of uncertainty about the regulatory and supervisory climate. Representatives of the Association also generally expressed concerns about the cap on interchange fees in the Board’s proposed rulemaking on debit card interchange fees and routing. The Association provided written comments on interchange legislation, which are attached.

Attachment



FLORIDA BANKERS ASSOCIATION

**Please SUPPORT H.R. 1081/ S. 575**

## **INTERCHANGE**

Bipartisan legislation, on the issue of interchange, has been filed in both the House and Senate. H.R. 1081 by Representatives Shelley Moore Capitool (R- WVA) and Representative Debbie Wasserman Schultz (D- FL) and S. 575 by Senator Jon Tester (D- MT) and Senator Bob Corker (R- TN) would to halt implementation of the Federal Reserve's proposed debit-card interchange rule, and require a study on the costs and benefits of debit card transactions, as well as the effects of regulating their interchange fees. Unless legislative action is taken, the proposed Fed rule would put in place a schedule of fees for debit interchange transactions that will reduce the debit interchange income that the average bank receives by over 70%! This will cause significant harm to bank's ability to serve their local communities.

The Durbin interchange amendment, that was included in the Dodd-Frank bill, directs the government to regulate the interchange fees on debit cards that businesses pay for the benefit of accessing the electronic payments system. The practical effect of this amendment, pushed by the retail industry, is to shift the cost of this service away from businesses to card customers.

As proposed by the Fed, debit card revenue will be slashed by 70-85%, with a reduction of industry revenue of over \$14 billion. Without Congressional action, banks of all sizes will be faced with difficult choices, including: not issuing debit cards; raising checking account, debit card and other fees; closing branches; laying off employees, and/or limiting other services that their customers have come to expect. This lost revenue (which impairs capital growth) reduces the ability to make job-producing loans that support a growing economy.

The FBA believes the “exemption” for banks under \$10 billion will not work because merchants will drive business to lower-cost cards and accounts of larger institutions, forcing down the fees paid to small institutions that allow them to continue to compete. As revenue shrinks at smaller banks, so does their ability to make loans and recover millions of dollars of fraud losses from data breaches which occur at retailers. Fed Chairman Bernanke, FDIC Chairwoman Bair, and Acting Comptroller of the Currency Walsh have all expressed their concern about the viability of the "carve-out," and some have even suggested this may impact the safety and soundness of some institutions.

Studying and examining the costs associated with this proposed rule and not rushing into such a rule without input from the industry and others would be beneficial to all involved. H.R. 108/ S. 575 would give Congress and banking regulators time to understand how this rule will impact the banking industry and others.

We strongly urge support of this bipartisan, pro-consumer legislation.

If you have any questions, please contact:

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