

Maine Grocers & Food Producers Association
P.O. Box 5234, Augusta, Maine 04332
mgfpa.org | Office: 207.622.4461

August 6, 2021

Re: Docket No. R-1748, RIN 7100-AG15

Federal Reserve Board of Governors:

The Maine Grocers & Food Producers Association is a business trade association representing main street businesses: independently owned and operated grocery stores, supermarkets, food and beverage producers and processors, wholesalers and distributors and allied service companies. We represent more than 250 Maine companies and we are a community dedicated to the prosperity of Maine's grocery and food producer industry through excellence in advocacy, networking and education.

Thank you for the opportunity to comment on a proposed rule concerning debit card interchange fees and routing requirements for debit card transactions. We hear regularly from our members that costly payment fees are a priority issue. High credit card and debit card fees inhibit a grocer's ability to grow, invest in jobs and result in higher food prices for everyone. The food retail industry is hyper-competitive with a 1-3% profit margin. Retailers negotiate the wholesale price for goods and various services in order to keep prices low for their consumers and grow their business; they need competitive routing options for their online ordering systems as well. The Maine Grocers & Food Producers Association requests that the Federal Reserve Board of Governors take immediate action to enforce the routing competition provisions and reduce the regulated rate as required by law. Retailers need debit network routing options to help contain network costs.

The last 17 months been extremely challenging for the grocery sector. Maine's food industry has tirelessly, in uncharted territory, worked to keep associates and customers as safe as possible while ensuring everyone has had access to food. There was and continues to be a significant shift from dining indoors to eating at home, including ordering online and curbside pickup. In a matter of weeks, U.S. consumers shifted a significant portion of their grocery shopping to online and as a result went from paying with various tender forms to paying almost exclusively with debit and credit cards.

Grocers swiftly made changes to their operations to accommodate online ordering, curbside pick-up and delivery. These changes were a significant investment to adapt quickly to customers' needs to stay and remain safe during unprecedented times. A recent consumer survey found that two-thirds of U.S. consumers now buy groceries online, and the average customer is allocating over 20% of their grocery spend online.¹

While MGFPA's members are overwhelmingly utilizing competitive routing for in-store transactions, they do not enjoy the same access to competitive debit networks when the card is used online and in mobile transactions. The Board's proposed clarification will do that, and simply clarify that Visa and Mastercard must compete for retailer business, regardless of where the transaction happens.

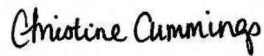
¹ U.S. Grocery Shopper Trends 2020, FMI - The Food Industry Association

We ask that the Federal Reserve Board of Governors provide direct relief to our Maine grocers and other retailers by enforcing the routing provisions in the 2010 debit reform law and reducing the regulated debit interchange rate commensurate with cost reductions. The intent and language of the law is clear, retailers must have access to competitive networks for debit transactions.

We also request that the Federal Reserve Board act swiftly to reduce the regulated debit rate to reflect both the reduction in cost and fraud burden of the regulated issuing banks. U.S. merchants paid \$24.38 billion in debit interchange fees in 2019.² With the significant shift to online and card usage, we can only expect that number to have increased dramatically over the last year and a half.

Thank you for the opportunity to provide feedback on behalf of the Maine Grocers and Food Producers' members. We are willing partners who stand ready to work collaboratively with the Board to ensure vigorous enforcement of the debit routing law and the reduction of the regulated debit rate.

Thank you,



Christine Cummings
Executive Director
Maine Grocers & Food Producers Association
P.O. Box 5234, Augusta, Maine 04332
mgfpa.org | Office: 207.622.4461

² 2019 Interchange Fee Revenue Covered Issuer Costs, and Covered Issuer and Merchant Fraud Losses Related to Debit Card Transactions, May 2021.