



August 9, 2021

Ann E. Misback
Secretary Board of Governors of the Federal Reserve System
Constitution Avenue NW & 20 Street NW
Washington, DC 20551

RE: Docket No. R-1748, RIN 7100-AG15 - Requesting a swift finalization of the clarification on Debit Card Interchange Fees and Routing

Dear Ms. Misback,

The Federal Reserve Board invited public comment on proposed changes to Regulation ii (Debit Card Interchange Fees and Routing) to clarify that debit card issuers should enable, and allow merchants to choose from, at least two unaffiliated networks for card-not-present debit card transactions, such as online purchases. The Secure Remote Payment Council (SRPC) provides the following commentary on the proposed changes.

The SRPC is a cross-industry payments coalition dedicated to the growth, development, and market adoption of secure ways to support digital debit-based transactions in an omni-channel environment. We work closely in cooperation with the merchant and acquirer processor communities.

The SRPC encourages and supports those activities that accelerate the implementation, adoption and promotion of these payments as evidenced in the services that the debit networks have brought to market. This includes:

- Support for an open standard for PIN cryptography in ecommerce as a form of consumer authentication.
- Support for PIN-less debit.
- Support for security technologies such as biometrics (e.g., fingerprint / facial recognition), tokenization and risk-based authentication.

These services have been created and been brought to market in an open systems environment, enabling all stakeholders to compete on a level playing field.

The SRPC agrees with the proposed revisions to Reg ii, namely:

- Two unaffiliated payment card networks must be available to support card-not-present transactions. We would add that this stipulation should apply to all CNP transactions not just a “particular type.”
- Debit card issuers would need to ensure that at least two unaffiliated networks have been enabled for card-not-present transactions to comply with the regulation.

The SRPC’s position is that all payment options and transaction sets must be able to be accepted across all eligible networks. In recent years and particularly in the COVID environment, online transactions have grown significantly, creating more ways for consumers to pay. It is appropriate that the provisions



of Reg ii apply to ecommerce and digital commerce transactions, thereby supporting multiple options for merchants to route transactions based on their preferences for speed and cost. Lack of clarity on the intention of the debit routing choice for these transactions has been an inhibitor to fair competition, and thus requires some changes in policy and more clear rules of engagement.

Rules must be clear and unambiguous, and strictly enforced. Federal regulation is necessary to ameliorate any inequities and ambiguities that exist in current standards or requirements specifications.

The Federal Reserve Board should make a requirement that all data transferred in a transaction (e.g., tokenization, biometrics, etc.) must be made available to the selected network and that network must not be disadvantaged by the removal of certain relevant transaction data by another stakeholder. There should be no network ownership of data being routed, and solutions must be transparent thereby allowing choice for all players in the ecosystem.

Fraud losses have shifted from the card-present to card-not-present environment and some brands use their current market posture to limit the security solutions of their competitors. As industry leaders we are obligated to continue to innovate in all areas of payment security, and to foster open and fair competition among multiple alternative networks.

The SRPC supports the Federal Reserve Board and other oversight agencies to restore functions of markets to eliminate exclusionary practices and to support network routing choice. They should use rules-based enforcement of Reg ii and establish metrics to evaluate whether the industry stakeholders are actively complying. Finally, if changes are made to Reg ii, the Federal Reserve Board should provide a specific timeframe within which compliance must be met.

The SRPC strongly encourages the Federal Reserve Board to act immediately and undertake these efforts with a renewed sense of urgency.

Sincerely,

Maria Arminio

Executive Director

Secure Remote Payment Council

<http://secureremotepaymentcouncil.org/>

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