

July 14, 2021

Submitted VIA Email: regs.comments@federalreserve.gov

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

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

Dear Ms. Misback,

On behalf of the 4,000 members of the South Dakota Retailers Association, I am writing in support of the Board of Governors' proposal to amend Regulation II to clarify that the requirement that each debit card transaction must be able to be processed on at least two unaffiliated payment card networks applies to card-not-present transactions. We further encourage the Board to consider lowering the current debit rate.

Almost all retail merchants rely on network routing options, but retailers often have little choice when routing card payments used for online purchases. Clarifying that the choice between competing debit networks applies to all debit card transactions will bring additional, welcome competition to the marketplace.

We also encourage the Board to act to reduce the regulated debit rate. The recent Board survey seems to indicate that a reduction is warranted, based on the reduction in cost and fraud burden of regulated issuing banks. The growing shift to online payment card usage, fewer incidences of fraud, lower user fees, and the current regulated debit card rate means that retail merchants are paying more than is proportional to the actual costs to issuers.

We encourage the Board to enact the proposed amendments to Regulation II and to reduce the current debit rate. Thanks for your consideration.

Sincerely,



Nathan Sanderson, Ph.D.
Executive Director