

Proposal: 1748 (AG15) Regulation II - Debit Card Interchange Fees and Routing

Description:

Comment ID: 138151

From: Merchant Risk Council, Una Dillon

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Subject: R-1748; Regulation II - Debit Card Interchange Fees and Routing

Comments:

NONCONFIDENTIAL // EXTERNAL

Dear Sir/ Madam,

I am writing, on behalf of the Merchant Risk Council and our Merchant members, in reference to the call for public comment on proposed changes to Regulation II (Debit Card Interchange Fees and Routing) (per article here:

"<https://www.federalreserve.gov/newsevents/pressreleases/bcreg20210507a.htm>"

Federal Reserve Board - Federal Reserve Board invites public comment on proposed changes to Regulation II regarding network availability for card-not-present debit card transactions and publishes a biennial report containing summary information on debit card transactions in 2019

We acknowledge the regulation requires that there are at least two unaffiliated payment card networks enabled on a debit card to process debit card transactions. We are in full agreement that debit card issuers should enable, and allow merchants to choose from, at least two unaffiliated networks for card-not-present debit card transactions.

Our merchant membership represents more than 85% of the top global eCommerce brands and we intend to work with our Merchant-Issuer Executive Committee to facilitate discussion to help the market develop multiple networks over which merchants can choose to route card-not-present debit card transactions, per the Regulation.

According to the Board's research, some issuers do not enable two networks for eCommerce debit card transactions. We will also work with our card issuing members to facilitate discussion on this matter and to help enable their compliance with the regulation.

You've noted, in the proposed revisions, a clarification that card-not-present transactions are a "particular type of transaction" for which two unaffiliated payment card networks must be available. You expect the proposed revisions to further clarify the responsibility of the debit card issuer to ensure at least two unaffiliated networks have in fact been enabled to comply with the regulation. On receipt of the revisions, we will work with both merchant and issuer members of our organization to help them deliver on the requirements.

In the meantime, we remain at your disposal for discussion and consultation on this or any other retail payments-related topics.

Sincerely,

Una Dillon

Managing Director (Europe), VP Global Expansion & Advocacy, MRC

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