

August 2, 2021

VIA EMAIL

Ms. Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitutional Avenue, NW
Washington, DC 20551

Re: Notice of Proposed Rulemaking, Docket No. R-1748, RIN 7100-AG15

Dear Ms. Misback:

On behalf of Ahold Delhaize USA, I wanted to reach out to you to provide feedback in response to the Federal Reserve Board of Governors' request for comments on debit card interchange fees and routing. Debit cards continue to be heavily utilized by customers in our retail grocery locations, and last year we had more than \$450 million in MasterCard and Visa pin debit transactions. We strongly support the Federal Reserve Board of Governors' active enforcement of rate regulations and routing competition provisions to ensure routing flexibility as well as reasonable and proportional interchange fees.

Ahold Delhaize USA is a leading omnichannel supermarket operator in the United States, with 1,967 stores overall in 19 states and the District of Columbia. Ahold Delhaize USA operates under the Food Lion, Stop & Shop, Hannaford, Giant, and Martin's retail brands and employs approximately 200,000 full-time and part-time associates in the United States.

Our consumers continue to face unprecedented challenges and an unpredictable economy, and now more than ever is the time to ensure debit network routing options are available to help contain network costs in order to maintain affordable food prices. Networks competing for both issuing banks and retailers business benefit all stakeholders in the chain, most importantly the consumer.

The grocery industry is highly competitive, and Ahold Delhaize USA brands are constantly working to reinvest in our business and limit costs to ensure customers have access to affordable and healthy products in our stores and online. Our brands have seen significant changes in shoppers' purchasing as a result of the pandemic. As customers moved to increase their online shopping, Ahold Delhaize USA brands rapidly accelerated the number of

stores where online and curbside purchasing options are available in addition to purchasing the online business FreshDirect. Ahold Delhaize USA brands added 424 click-and-collect locations and opened three new online fulfillment facilities. Our brands saw a 1.42% increase in pin debit transactions and a 0.70% increase in credit transactions from 2019 to 2020, with the average transaction size increasing 28%. The increase in debit card usage and the shift in customer behavior underscores the importance of debit routing flexibility and the need to ensure interchange fees are reasonable and proportional to the cost of processing a transaction.

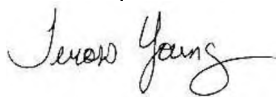
Ahold Delhaize USA brands are not consistently able to access a second debit network when customers complete their transactions, and as Regulation II specifically "...prohibits an issuer or payment card network from directly or indirectly restricting the number of payment card networks on which an electronic debit transaction may be processed to fewer than two unaffiliated networks,"¹ we support immediate action by the Federal Reserve to enforce the law. Expeditious action by the Board would positively impact our brands and support our ongoing work to save for the customer.

Finally, ensuring an equitable interchange fee structure for Ahold Delhaize brands is of paramount importance. The current regulated rate for covered issuers is 21 cents plus five basis points, with an additional cent for fraud adjustment. Ahold Delhaize USA brands paid \$142 million in pin and signature debit interchange fees in 2020 and adjusting the rate to reflect the reduction of issuers' costs would have a notable positive impact on our brands and thereby our customers. When excessive interchange fees are allowed, those high fees are incorporated into the cost of goods and consumers end up paying more for virtually everything they buy, whether they use cash, check or plastic. The time is now for the Federal Reserve to reduce the regulated rate to bring it into alignment with the statutory requirement that it is both reasonable and proportional to the issuers' costs.

Thank you for the opportunity to provide comments on debit card interchange fees and routing, and I strongly encourage the Board to act expeditiously to enforce the routing law and reduce the regulated debit interchange rate.

Your consideration of our comments is appreciated.

Sincerely,



Teross Young
Vice President Government Affairs

¹ "Debit Card Interchange Fees and Routing." Federal Register 86:91 (May 13, 2021) p. 26189.