

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

Description:

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Comment ID: 140812

From: Graham Isaacs

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

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

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Comments:

Date: Aug 10, 2021

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Proposal: Debit Card Interchange Fees and Routing [R-1748]

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First name: Graham

Middle initial: M

Last name: Isaacs

Affiliation (if any):

Affiliation Type: ()

Address line 1:

Address line 2:

City:

State:

Zip:

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: Board of Governors of the Federal Reserve System c/o Ann E. Misback, Secretary 20th Street and Constitution Avenue NW Washington, DC 20551 August 10, 2021 Re: Docket No. R-1748, RIN 7100-AG15 Dear Board of Governors of the Federal Reserve System, As a consumer, I appreciate the opportunity to comment on the Federal Reserve Board of Governors request for comment on the proposal to amend Regulation II and clarifying how it is being applied today. The Durbin Amendment was passed because the U.S. payments system was broken. I believe that the Board's proposed changes will remove barriers to competition. In addition, the Board should adjust the regulated debit rate to make it a relatively accurate proxy for cost. Unfortunately, implementation of the regulation has fallen short of the intended objectives and the consequence is that elevated payment acceptance costs are being incurred by the retailers I shop at on a regular basis. Many of these retailers operate on thin margins and have little choice but to pass these costs on to consumers like me in the form of higher prices. The consumer price impact is particularly concerning given the current inflationary outlook. For this reason, I strongly support the Board's proposal of broadening Regulation II to include all electronic debit transactions. This would include card-not-present transactions, which have grown considerably as consumers, like myself, continue to shift towards digital forms of transacting. Rigorous enforcement of the routing provision under law, regardless of how the card is presented, will provide the competition necessary to achieve market-based pricing. Furthermore, adjusting the regulated debit rate down to be more in-line with true costs would eliminate systematic profiteering practices in this space. Both of these actions taken together will help to curb the otherwise accelerated growth in payment acceptance costs, which are ultimately reflected in retail prices borne by consumers like me. It's a simple step that the Board can take in support of reigning in consumer price inflation. Again, thank you for the opportunity to provide comments on the proposed clarifications, and I strongly urge the Board to take immediate action to fully enable the routing provisions and to reduce the regulated debit rate as required by law. Sincerely, Graham Isaacs