

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

Description:

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From: Matt Howarter

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

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Comments:

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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 Re: Docket No. R-1748, RIN 7100-AG15
Dear Board of Governors of the Federal Reserve System Members, I sincerely appreciate the opportunity to comment on Debit Card Interchange Fees and Routing. I strongly encourage the Federal Reserve Board of Governors to take immediate action to enforce the routing competition provisions and reduce the regulated debit rate as required by law. Having the ability to route transactions to two unaffiliated debit networks on all transactions is a right that was afforded to U.S.-companies in 2010 as part of the Dodd Frank Wall Street Reform Act. Both the intent and the language of the law very clearly articulated this goal. Unfortunately, issuers and networks chose to ignore the law and not enable access to the consumers' accounts via more than one network when the card is used in eCommerce. This is evident by the fact that single-message debit networks only processed 6% of card not present (CNP) debit volume in 2019 and issuers who accounted for 50% of all CNP debit volume did not process a single transaction over a single-message debit network. It is imperative that the Board act quickly to enforce this very clear provision which will help already struggling U.S. companies have the ability to route transactions to two unaffiliated debit networks. In addition to routing enforcement, I strongly encourage the Board to take immediate action and reduce the regulated debit interchange rate. The 2010 law stated that the fees be both reasonable and proportionate to the costs that regulated issuers incurred during the clearing and settlement of a debit transaction. Since the law went into effect in 2011, the Board's own bi-annual reports have confirmed that the cost of processing has decreased during this time for regulated issuers, yet the interchange rate that merchants pay has remain unchanged. Merchants are struggling, the American consumer is struggling, the Board needs to take swift action to provide some much-needed relief. Thank you again for the opportunity to provide comments on the proposed clarifications, and I strongly encourage the Board to act quickly to finalize the clarifications and enforce the law. Sincerely, Matt Howarter