

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

Description:

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Comment ID: 140837

From: Trevor T. Bateman

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:

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

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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, Thank you for the opportunity to comment on Debit Card Interchange Fees and Routing. I urge 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. I strongly support the Board finalizing a clarification that all debit transactions are subject to the routing provisions under the law, including card-not-present transactions. Vigorous enforcement of the law, regardless of where the transaction occurs, will ensure merchants will have choices amongst debit networks moving forward. U.S. companies rely on debit network routing options in store to help contain network costs. Networks competing for both issuing bank and merchant's business benefit all stakeholders in the chain, most importantly the consumer. 2020 placed strains on our economy that were previously unimaginable. Almost overnight, consumer needs, shopping habits and the way we pay for products and services shifted. Consumers who traditionally shopped in-person and paid using a variety of tender forms suddenly moved to shopping online with debit and credit cards exclusively. In the request for comment, the Board correctly notes that 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." However, currently only 6% of online debit transactions are being processed by single-message networks -Visa's and Mastercard's competitors. This is a clear indicator that merchants are routinely not able to access a second debit network when the purchase occurs online, and it is imperative for the Board to take immediate action to enforce the law. 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, Trevor Bateman