

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

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From: State Bank of Toulon, Douglas E. Parrott

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

Comments:

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We appreciate the Fed's efforts to clarify Reg II, which in our view already prohibits the restriction of routing choice on any type of debit transaction.

We propose further clarification in light of how Regulation II has been applied in the debit marketplace and further clarify the rules and their application to all debit transaction types through any point of interaction with any type of consumer authentication.

Reg II's network non-exclusivity provisions require that a debit card be enabled on at least two unaffiliated payment card networks "regardless of means of access," including explicitly "means of access that may be developed in the future."

We support the Board's proposed commentary that such "means of access" include a debit card as well as card proxies like fobs or information stored in an e-wallet on a mobile phone, wearable or other device. "Means of access" must be expanded to include traditional and emerging forms of payment.

We believe the Board should make it clear that deploying tokenization used under card-present or card-not-present conditions during the payments process must not impair a merchant's ability to access unaffiliated networks enabled by the financial institution.

The Board's proposed commentary and modification to § 235.7(a)(2) does not require that an issuer enable two unaffiliated networks for "each method of cardholder authentication.

In terms of clarifying language and terminology, the language in the proposed change uses the term "card-not-present" and "dual-message" interchangeably; however, the two terms are not synonymous in our opinion.

Certainly we are not experts in this at all but appreciate the opportunity to comment briefly. Thank you again!

Douglas E. Parrott
President/CEO
State Bank of Toulon
309-286-2861 (work)
309-286-7112 (fax)