

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

Description:

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Comment ID: 141039

From: Sabrina Chin

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:

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 - and ask that the Board act quickly so that it is in full effect before the 2021 holiday shopping season.

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 value chain - including most importantly the consumer.

With COVID-19, traditional shopping habits changed. Consumers shifted online, which limited the variety of tender forms to debit and credit cards exclusively. Unfortunately, in this context, merchants have been routinely unable to access a second debit network for such purchases. In fact, only 6% of online debit transactions are being processed by single-message networks. To bring immediate relief to businesses committed to keeping prices low for their customers, clarification is necessary.

Lastly, the current regulated rate for covered issuers has not been adjusted since it went into effect a decade ago, even though issuer costs have reduced, and merchants are shouldering more of the fraud burden. The regulated rate should be lowered to make it both reasonable and proportional to issuer costs.

Thank you again for proposing clarifications to protect merchant's routing rights and the opportunity to provide comments.

Sincerely,

Sabrina Chin