

August 11, 2021

By electronic delivery via regs.comments@federalreserve.gov

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Docket No. R-1748, RIN 7100-AG15; Debit Card Interchange Fees and Routing

Dear Board of Governors:

I am grateful for the opportunity to comment on the notice of proposed rulemaking issued by the Board of Governors of the Federal Reserve System ("Board") regarding clarification to Regulation II, *Debit Card Interchange Fees and Routing*, published in the Federal Register on May 13, 2021. I enthusiastically support the Board's proposal to ensure merchants have competitive network options when processing debit transactions, including card-not-present transactions, because it directly benefits consumers like me.

The 2010 Durbin amendment was passed because the U.S. payments system was broken. The amendment was not limited to card present transactions, and the Board is correct to clarify that card-not-present transactions are covered under the law. I know U.S. merchants rely on competitive debit network routing options 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.

As a consumer, and professional in the payments industry, I'm not like most consumers when I go to pay. I think about how my transaction will be routed and the fees the merchant pays. I am hypersensitive, when shopping at a merchant of *any* size, of the potential impact my payment choice has on the merchant's costs. For example, even though there is no merchant requirement that a PIN pad show a "credit" option and a "debit" option, I frequently encounter these options as I shop in-person. I always select the most cost-effective option for the merchant because I know that margins are thin, every penny counts and savings can be directly offset in the price I pay for goods and services.

In 2020, the COVID-19 pandemic placed new strains on our economy that were previously unimaginable. Almost overnight there was a seismic shift in consumer needs, shopping habits and the way we consumers paid for products and services. This generated a rapid shift to touchless payment options, online ordering, card-not-present transactions and an even greater increase in debit card usage. Merchants of *all* sizes invested significant resources to accept, deliver and fulfill card-not-present purchases to meet demand and stay in business. For many consumers, this shift was new. Consumers who were already heavy online shoppers maintained prior shopping habits but also found that merchants created new and different ways to purchase goods and services both in-person and online. I'm the latter type of consumer and my online and card-not-present purchasing habits, which were already extremely regular, accelerated heavily (ex: ordering groceries for pick-up/delivery, touchless payments fueling up my car and ordering dinner or other items for curbside pick-up/delivery).

I am well-aware that these card-not-present transactions are more expensive for merchants because, even though I use a debit card, they only have one option to route my transaction. Touchless and card-not-present options are the new normal which is why it's as important as ever, to me, that a merchant has the routing rights to process my card on at least two unaffiliated payment card networks for card-not-present transactions. Without two unaffiliated options, merchants will continue paying more for these card-not-present transactions. When they pay more, unfortunately so do I as well as every other consumer. Therefore, I strongly support this proposed clarification and the competition it will create in the card-not-present space which will reduce merchant fees and keep consumer purchasing costs down.

Thank you for proposing clarifications that benefit consumers like me. The Board did not have to provide a comment period to the clarification, and I appreciate the opportunity it provided to share my personal thoughts.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Haren". The signature is written in a cursive style with a long, sweeping tail on the letter "n".

Kelly Haren