



August 6, 2021

Submitted via email to regs.comments@federalreserve.gov

Ann E. Misback
Secretary, Board of Governors
Federal Reserve
20th Street & Constitution Ave, NW
Washington, DC 20551

RE: Docket No. R-1748, RIN 7100-AG15

Dear Ms. Misback:

Thank you for the opportunity to comment on Debit Card Interchange Fees and Routing. The cost of accepting debit cards and the obstacles to accessing competitive networks are increasingly adverse impact our member businesses and their customers; therefore, we strongly urge the Federal Reserve to take immediate action to enforce the routing competition provisions and reduce the regulated rate as required by law.

The industries we represent are highly competitive, and business owners leverage any savings to keep prices low for customers. My company relies on debit network routing options in store to help contain network costs. Networks competing for business with both the issuing bank and our retailers benefits all stakeholders in the chain; most importantly, consumers.

Since early 2020, we have seen a seismic shift in consumer demands, habits, and the way they pay for products. Customers who traditionally shopped in-store using a variety of tenders suddenly moved to shopping online exclusively with debit and credit cards. Online sales remain historically high, even for things like groceries. This shift in shopping habits, along with the significant investment businesses have made to help keep employees and customers safe, has greatly increased the cost of doing business -placing further strains on our ability to keep prices low.

Given that existing regulation "... 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." It's also noted that currently only 6% of online debit transactions are being processed by single-message networks - Visa and Mastercard competitors. This is a clear indication that merchants are routinely not able to access a second debit network when the purchase occurs online, and it is necessary and appropriate for the Federal Reserve to take immediate action to enforce the law.

We strongly support the Board moving forward with enforcing the debit routing provisions to ensure businesses can have access to at least two unaffiliated debit networks regardless of how or where the transaction occurs and is authenticated. Furthermore, we ask the Board to act quickly to finalize the clarification, so it is in full effect before the 2021 holiday shopping season.



Finally, as the Board noted, U.S. merchants paid \$24.38 billion in debit interchange fees in 2019 and the current regulated rate for covered issuers has not been adjusted since it went into effect nearly a decade ago, even though issuer costs have reduced by half. Merchants are also shouldering more of the fraud burden.

Given this reality, we also ask the Board to act immediately to reduce the regulated rate for covered issuers and bring it into alignment with the statutory requirement that it be both reasonable and proportional to the issuer costs. Doing so will deliver direct relief to my business and further encourage competition in the debit market.

Thank you again for the opportunity to provide comments. We strongly encourage the Board to act quickly on both enforcing the routing law and reducing the regulated debit rate.

Sincerely,

Ansley Fellers
Ansley Fellers, Executive Director
Nebraska Grocery Industry Association

Zoe Olson
Zoe Olson (Aug 9, 2021 13:15 CDT)
Zoe Olson, Executive Director
Nebraska Restaurant Association

Jim Otto
Jim Otto (Aug 9, 2021 13:14 CDT)
Jim Otto, President
Nebraska Retail Federation