

August 11, 2021

Submitted via e-mail

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

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

Dear Secretary Misback:

The National Association of Chain Drug Stores (NACDS) is writing in support of the proposal of the Federal Reserve Board of Governors (“Board”) with respect to Debit Card Interchange Fees and Routing. The Board’s proposed clarification is an important step to help ensure merchant routing rights, and we strongly support finalization.

NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies. Chains operate nearly 40,000 pharmacies, and NACDS’ 80 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 900 supplier partners and over 70 international members representing 21 countries. Please visit nacds.org.

As the Board is aware, the Durbin Amendment (“Durbin”), passed in 2010 as part of the Dodd Frank Wall Street Reform Act, introduced landmark reforms to the U.S. debit market. Durbin, among other reforms, required that every debit card issued in the United States has at least two unaffiliated networks enabled on the card. Since Durbin went into effect the domestic debit networks have deployed solutions to allow for processing card not present (“CNP”) transactions without having to enter a PIN. However, some of the largest issuing banks are not enabling their networks’ PINless solutions, leaving merchants with only one network through which to route e-commerce transactions.

The Board now proposes to clarify that Durbin (i.e., the law that requires every debit card transaction to be able to be processed on at least two unaffiliated networks) does indeed apply to CNP transactions. The Board’s proposed clarification recognizes the innovation in debit transaction technology since the initial rule was finalized almost a decade ago. NACDS strongly supports the Board moving forward with enforcing the debit routing

provisions to ensure that all retailers and customers may have access to at least two unaffiliated debit networks regardless of how or where the transaction occurs and is authenticated. Furthermore, we strongly encourage the Board to act quickly to finalize the clarification, so it is in full effect before the 2021 holiday shopping season. Doing so would help all retailers continue to provide the lower prices and enhanced services that all Americans expect and deserve.

In conclusion, NACDS urges the Board to take immediate action to enforce the routing competition provisions of the proposed rule. Thank you for the opportunity to provide input on this timely and important matter for all of retail and our customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Anderson, FASAE, IOM, CAE
President and Chief Executive Officer