



100 Mission Ridge
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August 11, 2021

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20511

Re: Docket No. R-1748, RIN 7100-AG15
Comments from Dollar General Corporation on Debit Card Interchange Fees and
Routing NPRM

Dear Ms. Misback:

We appreciate the opportunity to comment on Debit Card Interchange Fees and Routing. As background, Dollar General has been delivering value to shoppers for more than 80 years, with over 17,500 stores across 46 states in convenient neighborhood locations. We offer products that are frequently used or replenished, such as food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices.

We are mindful that the majority of our customers are value-conscious, and many have low and/or fixed incomes. As a result, we are intensely focused on helping our customers make the most of their spending dollars. Our core customers are often among the first to be affected by negative or uncertain economic conditions and among the last to feel the effects of improving economic conditions.

A significant number of our customers pay with debit cards, and that continues to increase. In addition, our growing digital initiative complements our brick-and-mortar footprint as we deploy technology to further enhance convenience and access for our customers. The absence of payment network competition for card-not-present transactions results in increased costs and could inhibit retailers' implementation of these payment types, limiting access for consumers, many of whom already have limited access to new and emerging payment methods.

We strongly support the Board of Governors' proposal to clarify the existing rule and believe that the intent of the Durbin Amendment and Regulation II has always been clear. Regulation II 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. In its request for comments, the Board recognized the technological advancements of payment networks since the time Regulation II was adopted, and as noted, today most single-message networks are capable of processing card-not-present transactions.



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Unfortunately, this volume remains very low due to the lack of debit routing competition, which we believe is a clear violation of the Durbin Amendment and Regulation II. We urge the Board to actively enforce the prohibitions on network exclusivity and routing restrictions under the regulation, that were designed to ensure that merchants can choose from at least two unaffiliated networks when routing debit card transactions in both card-present and card-not-present environments.

Lastly, we strongly request that the Board reconsider the interchange fee standard cap that was set in 2011, designed to ensure that the debit interchange rate is reasonable and proportional to the cost incurred by the issuer. As the Board notes in its bi-annual survey of issuer costs and fraud losses, issuer costs have reduced significantly since that time, however the rate has remained the same. Excessive debit interchange fees result in higher cost to all consumers, regardless of the payment type utilized, and our core customer can least absorb the impact. As a low-cost operator seeking to keep the customer at the center of all we do, we urge the Board to act quickly to reduce the interchange fee cap to a rate that aligns with the reasonable and proportional mandate outlined in the Durbin Amendment.

In closing, thank you again for the opportunity to provide comments on the proposed clarifications. We encourage the Board to act quickly and firmly to finalize the clarifications and to take strong action to enforce compliance with the provisions of the Durbin Amendment and Regulation II.

We would be happy to answer any questions or provide additional information that would be helpful.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Garratt".

John W. Garratt
Executive Vice President & Chief Financial Officer