



April 19, 2024

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

Re: Docket No. R-1818, RIN 7100-AG-67. Notice of Proposed Rulemaking—Debit Card Interchange Fees and Routing

Dear Ms. Misback:

I am the Executive Director of the Progressive Policy Institute (PPI), and I appreciate the opportunity to submit this comment in response to the Federal Reserve Board's ("Fed") Notice of Proposed Rulemaking (NPRM) on debit card interchange fees.

A fundamental principle of good governance is that a government agency needs to tread carefully when actively competing in the same industry that it regulates. The Fed is in danger of falling into that trap. In July of 2023, the Fed launched a real-time payment service for depository institutions in the United States that is capable of serving the same role as debit card transactions.

Then in October, the Fed issued a proposal to lower the maximum interchange fee that large debit card issuers can receive for a debit card transaction. The proposed ruling could make using the current interchange system less appealing for banks to participate.

My organization does not profess to know the "right" level of interchange fees. But we do know that the last time the Fed forced down interchange fees, it was more beneficial to retailers than to consumers.

We also don't know whether the Fed's new network will eventually supplant many private payment networks. However, we do know that the Fed should be cautious when taking regulatory steps that could undermine potential competitors. For the foreseeable future, we would encourage the Fed to leave interchange fees where they are.

Thank you for your time and consideration. If you have any questions or want more information, please contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Lindsay Lewis".

Lindsay Lewis
Executive Director
PPI
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