

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Description:

Comment ID: 159048

From: Northern Michigan University College Democrats, Summer Morrison

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Subject: 1818(AG67) Debit Card Interchange Fees and Routing

Comments:

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RE: Docket Number R-1818, RIN 7100-AG67

Dear Secretary Misback,

My name is Summer Morrison, and I serve as the Vice President of the Northern Michigan University College Democrats. Today, I am reaching out to express our organization's concerns regarding the potential implementation of further caps on debit card transaction interchange fees and mandated routing requirements for all debit card payment networks.

Recent studies, including several conducted by George Mason University in 2017 and 2022, have compellingly illustrated the unintended consequences of the Durbin Amendment, which capped debit card interchange rates in 2010. The 2017 study pointed out that the amendment disproportionately impacted lower-income households, resulting in "hundreds of thousands of low-income households" either choosing or being forced to exit the banking system. This shift left many facing heightened costs, challenges in obtaining credit, and complications in receiving and making payments.

Moreover, the 2022 study from the same institution estimated that the Durbin Amendment is responsible for more than one million Americans being unbanked. These findings suggest that while the intention behind regulating debit card fees might be to protect consumers, the actual outcomes have particularly harmed those in our society who are already the most vulnerable.

In light of this evidence, I urge the Federal Reserve Board to carefully reconsider the implementation of any new caps on interchange fees or mandated routing requirements. It is crucial that we assess the broader impacts of such financial policies, particularly on low-income individuals who often rely on these banking services for basic financial activities.

I respectfully request that the Federal Reserve Board takes a comprehensive approach in evaluating the potential effects of further regulation under Regulation II, ensuring that any action taken does not inadvertently increase the financial exclusion of underserved communities.

Thank you for considering this critical matter. I look forward to your response and hope for a policy approach that aligns with the needs of all economic participants, especially those at the lower end of the income spectrum.

Sincerely,
Summer Morrison
Vice President
Northern Michigan University College Democrats