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

Description:

Comment ID: 159173

From: Stephen Sibold

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Comments:

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Dear Secretary Misback,

I recently learned of your proposal to lower the swipe fees retailers pay to big banks for debit card transactions. I fully support your efforts and encourage you to go farther!

As a concerned citizen and avid shopper of small businesses, I know that seemingly small fees add-up and make it more challenging for small companies to compete with the big players. In fact, in 2021 retailers paid almost $32 billion to accept debit cards in the United States, a 19% increase over the prior year. How is this increase funded? One scenario is that retailers absorb these costs by reducing their investment in employees, customer service and the shopping experience. Another scenario is that these costs are passed on to loyal shoppers like me. Or perhaps it's a combination. Either way, consumers feel the burden of a retailer's high swipe fee costs.

On the other hand, when retailers save money, they can invest in improving things for their customers. I read that your proposed new rate would save retailers and consumers $3 billion annually. Wow!

The estimated $3 billion should be the floor, and the Board should go lower in the final rule. The current proposal actually guarantees the largest debit issuers a higher profit margin than the original rate when it was set over a decade ago. Option #5 to questions two and three would bring both the base component and fixed multiplier into line with the law that requires the rate to be both reasonable and proportional to issuer costs. More importantly, lowering the rate even further keeps money on Main Street and in consumers wallets versus lining the largest mega-banks enormous pockets.

Thank you for championing small businesses and protecting shoppers like me. Small changes make big differences.

Sincerely,
Stephen Sibold