

March 4, 2024

The Hon. Neel Kashkari
90 Hennepin Avenue
Minneapolis, MN 55401

RECEIVED

APR 03 2024

President's Office

Dear President Kashkari:

I am writing today to express my support for the Federal Reserve Board's proposed rule aiming to revise the debit card regulated rate and establish a two-year adjustment cycle. The rate was last set in 2011, and desperately needs updating.

I own two convenience stores in Rochester, MN. Maybe you've been to Jeff's Little Store? We sell gasoline, snacks, and groceries. We have enjoyed the growth in Rochester as our stores are doing well.

I appreciate the Board's action to reduce the debit regulated rate and establish a process for regular updates every two years. I urge you to support the proposed rule with revisions that make the debit rate "reasonable and proportional" as required since the passage of Dodd-Frank in 2011.

However, as I understand it, the Fed's own data shows banks' costs for processing debit card transactions is 3.9 cents, which is considerably lower than the 14.4 cents proposed as the new rate. Additional fees dedicated to fraud prevention (an important function and one that increasingly is falling to the merchants' responsibility) and banks' fraud losses bring the proposed rate to 17.7 cents.

Many retail merchants are passing along credit card swipe fees to their customers, against the merchants' and customers' wishes. We do not want to pass along debit swipe fees as well. Since the pandemic, the use of debit cards has skyrocketed. Many people using debit cards have no choice as they need to be on a cash basis for any number of reasons. Collecting swipe fees would be a further burden on an already economically burdened sector of the consumer market.

Please support revisions to the regulated rate in a way that is reasonable and proportional in relation to the costs incurred by the card issuers. And please support a process for regular two-year updates to the regulated rate.

Thank you for your attention,



Jeff Bagniewski, Jeff's Little Store