

May 10, 2024



**Capitol
Federal®**

JOHN B. DICUS, CHAIRMAN

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

BY ELECTRONIC MAIL

Re: NPRM on Debit Card Interchange Fees and Routing (Regulation II), Docket No. R-1818

Dear Ms. Misback:

Capitol Federal® Savings Bank (Capitol Federal) appreciates the opportunity to comment on the Federal Reserve Board's proposal to lower Regulation II's debit interchange fee caps.

Capitol Federal, headquartered in Topeka, Kansas, has remained steadfast in our philosophy of safety in savings, sound lending policies, quality customer service, and commitment to community for over 130 years. With 44 traditional branches and 5 in-store locations, the Bank has a network that serves customers across the state of Kansas and into Missouri. Capitol Federal boasts more than \$9 billion in assets and offers a variety of retail consumer deposit products.

Today we write in strong opposition to the Federal Reserve's proposal. When the Durbin Amendment was passed over ten years ago, supporters said it would lead to savings for consumers and not harm our community banks, who were purportedly excluded from its mandate. This, however, has not been the case. Studies by the Federal Reserve itself have found that merchants have not passed along savings to consumers and many smaller banks saw less debit card interchange revenue. The entire debit interchange market had been artificially suppressed by the government price cap and routing mandate. Capitol Federal has not been immune from these effects. Our interchange revenue is down significantly, while the hard costs of providing debit cards to our customers have risen. If interchange revenue falls further, we may be forced to consider implementing higher service fees in an effort to cover these increasing expenses. However, raising fees will likely be difficult in the regulatory environment that our administration has created, as banks are increasingly compelled to lower and, in some cases eliminate altogether, legitimate fees for deposit services that the current administration has deemed "junk fees."

Respectfully, we ask that the Federal Reserve withdraw its proposal immediately. Further amendments to Regulation II should only be re-proposed after significant additional research is performed that calculates the costs to consumers and reflects the real-world experience of financial institutions like Capitol Federal.

Sincerely,

William J. Skrobacz, Jr.

Executive Vice President, Chief Retail Officer



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