



100 Mission Ridge
Goodlettsville, TN 37072-2171
(615) 855-4000

May 10, 2024

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20511

Re: Docket No. R-1818, RIN 7100-AG67

Dear Ms. Misback:

We appreciate the opportunity to comment on the Board's proposal to lower the cap on debit interchange fees under Regulation II. As background, Dollar General has been delivering value to shoppers for over 80 years in convenient neighborhood locations, with over 20,000 stores across 48 states and Mexico. We offer customers convenient and affordable access to household essentials, such as food, snacks, health and beauty products, home cleaning supplies, housewares, stationery, seasonal items and basic clothing.

We are mindful that the majority of our customers are value-conscious, and many have low and/or fixed incomes. As a result, we are intensely focused on helping our customers make the most of their spending dollars. Our core customers are often among the first to be affected by negative or uncertain economic conditions and among the last to feel the effects of improving economic conditions.

With that customer in mind, we strongly support the Board's proposal to reduce the cap on debit interchange and appreciate that the Board is now taking action on this matter. As the Board notes, costs incurred by issuers have declined significantly since the current cap was put in place in 2011, however, the debit interchange fee cap has remained the same. As such, we agree with the Board that a downward revision is necessary. We continue to believe that the statute provides that the only costs which shall be considered in the calculation of allowable costs, with respect to the interchange fee standards, are the incremental costs incurred by the issuer for authorization, clearing and settlement of a particular transaction, which excludes fixed costs, the ad valorem component of the cap, and other non-ACS costs.

We also believe the proposed 3.7 multiplier provides an excessive profit margin for large issuers, which would result in costs that are disproportionate by issuer, and is inconsistent with the intent of the statute which calls for the comparison of the functional similarity between debit and checking transactions. The multiplier should be lower, and certainly no higher than 2.7 (Option 5).

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With respect to the proposed two-year cadence for the review and updating of the cap, we are in favor of this timing as long as the Board ensures oversight and enforcement with respect to the auditing and verification of the information provided by the issuer, and provides an opportunity for the merchant community to address concerns with the data.

Despite some of the concerns outlined above, we are in favor of the Board's proposal as the reduced cap is much closer to a level that is reasonable and proportional to the costs incurred by the issuer. Excessive debit interchange fees result in higher costs to all consumers, regardless of the payment type utilized, and our core customer can least absorb the impact. We urge the Board to implement the revisions pursuant to the proposed timeline.

In closing, thank you again for the opportunity to provide comments on the proposed revisions to Regulation II.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Springer", with a long, sweeping flourish extending to the right.

Barbara Springer
Vice President & Treasurer