

SAM DRENNEN

Proposal and Comment Information

Title: Regulation II: Debit Card Interchange Fees and Routing , R-1818

Comment ID: FR-0000-0095-01-C601

Submitter Information

Name: Sam Drennen

Submitted Date: 06/24/2025

Board of Governors
The Federal Reserve
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Federal Reserve Board of Governors,

I write to you today to convey my deep concerns and opposition to the Federal Reserves' Regulation II rule governing debit card interchange fees. As a leader in the banking industry, I strongly urge the Board to reconsider and ultimately withdraw this proposal, which poses significant risks to consumers, financial institutions, and the broader economy.

Debit cards are a foundational component of modern banking, providing consumers with secure, convenient access to the digital economy. The interchange fee structure currently in place enables financial institutions to invest in fraud protection, maintain no-cost checking products, and expand access to affordable banking services—particularly for underserved and lower-income communities.

Reducing the interchange fee cap will have unintended and far-reaching consequences. It will constrain the ability of banks—large and small—to continue offering low-cost products and services that our customers have come to rely on. The burden of these changes will not fall on large retailers, but rather on everyday Americans who may face new fees or diminished services as a result.

History offers a cautionary lesson. Following the 2011 implementation of the initial cap, a significant number of consumers lost access to benefits such as debit card rewards, while retailers—particularly large chain stores—reaped additional margin without passing cost savings on to consumers. According to data from the Federal Reserve Bank of Richmond, 98% of merchants failed to reduce prices after the original rule took effect. We must be vigilant not to repeat this mistake.

The proposed changes to Regulation II would disproportionately impact the very individuals and communities the Federal Reserve is charged with supporting. We respectfully request that the Board protect consumer access to secure, affordable banking by withdrawing the proposed rule.

Thank you for your thoughtful consideration.

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