



February 22, 2011

via Email

Ms. Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Debit Card Interchange Fees and Routing, Docket No. R-1404, RIN No. 7100-AD63

Dear Ms. Johnson,

In response to the request of the Board of Governors of the Federal Reserve System ("Board") for public comment on proposed new Regulation II, Debit Card Interchange Fees and Routing ("Proposed Rules"), implementing portions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Store Financial Services, LLC ("StoreFinancial") respectfully submits the comments set forth below.

StoreFinancial is an international transaction processor and prepaid program manager headquartered in Overland Park, Kansas. The Company was founded in 2003, and currently employs 78 employees in the United States, with an additional 7 employees working internationally. We currently process and administer nearly 600 prepaid programs in the United States, Canada, and throughout Europe.

StoreFinancial specializes in the processing and administration of "selective authorization" prepaid programs. Selective authorization programs are issued by financial institutions and allow unaffiliated merchants the ability to implement a uniform prepaid card program by utilizing the infrastructure of the bank card payment networks. Examples of selective authorization programs include: shopping centers and districts, downtown Business Improvement Districts ("BIDS"), local chambers of commerce, municipalities and franchise retailers.

We are also a member of the Network Branded Prepaid Card Association ("NBPCA") and support the comments that the association has made separately on behalf of their membership. Our comments will therefore focus on two specific items:

1. The feasibility of implementing the Proposed Rules for network routing restrictions as it relates to prepaid cards; more specifically, to those prepaid cards that are intended to be single load and not reloadable by the consumer; and
2. Our agreement and support of the Proposed Rules to exclude "selective authorization" cards from being considered a "general-use prepaid card" or "debit card".

1. Single Load Prepaid cards should be excluded from the exclusivity and routing provision of the Proposed Rules.

To our knowledge, single load prepaid cards are processed solely over signature based payment networks. There is currently no technical method to comply with the Proposed Rules by providing routing for a single card over multiple signature-based networks. The bank card payment networks, as they exist today, do not support this functionality. Implementation of multiple signature-network functionality would incur overwhelming costs to issuers, payment



networks, processors and merchants. The costs of implementing these significant changes would likely make single load prepaid products economically unfeasible, eventually eliminating a very popular consumer product from the market place.

2. We support the Board's Proposed Rules excluding selective authorization cards from the definition of "general-use prepaid cards".

The Board has noted that "there may be little difference between these [selective authorization] programs and closed-loop retail gift card programs operated by a single retailer," and "routing restrictions could be problematic and costly for participating merchants with little corresponding benefit". The Board has therefore sought comment on whether these cards should be considered a "general-use prepaid card" under the rule.

StoreFinancial specializes in providing selective authorization programs to its clients over a variety of payment card networks. These programs provide great benefit to unaffiliated merchants unreachable by traditional closed-loop systems, ensuring funds are spent within the authorized group of participating merchants over the existing bank card payment networks. Examples of selective authorization programs include cards that can be used only at a single merchant, an affiliated group of merchants, or at a limited number of unaffiliated participating merchants.

Collectively, the selective authorization prepaid programs processed and managed by StoreFinancial activate over five million cards annually. Each of these selective authorization programs benefit local economies by directing and restricting cardholder redemptions to merchants that have agreed to participate in these prepaid programs.

Requiring issuers of selective authorization programs to implement proposed routing regulations would incur significant costs to the issuer, the processor, the program sponsor, the merchant and eventually to the cardholder. This would likely result in the loss of this very popular consumer prepaid product from the market. StoreFinancial supports the Board's position in the Proposed Rules that exclude selective authorization cards from the definition of "general-use prepaid cards" or "debit cards", and therefore exclusion from the Proposed Rules.

We greatly appreciate the opportunity to comment to the Board on the Proposed Rules. We respectfully urge the Board to consider our comments and suggestions. Should you have any questions or would like to discuss our suggestions in greater detail, please do not hesitate to contact me at 913-732-5485.

Respectfully,

A handwritten signature in black ink that reads "Jeffrey C. Brown".

Jeffrey C. Brown
Chief Executive Officer,
StoreFinancial