

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Description:

---

Comment ID: 159748

From: Frontiers of Freedom Institute, George C. Landrith

Proposal: 1818(AG67) Debit Card Interchange Fees and Routing

Subject: 1818(AG67) Debit Card Interchange Fees and Routing

---

Comments:

Date: May 09, 2024

Proposal: Regulation II: Debit Card Interchange Fees and Routing [R-1818]

Document ID: R-1818

Revision: 1

First name: George

Middle initial: C

Last name: Landrith

Affiliation (if any): Frontiers of Freedom Institute

Affiliation Type: Other (Oth)

Address line 1: 4094 Majestic Lane

Address line 2: #380

City: Fairfax

State: Virginia

Zip: 22033

Country: UNITED STATES

Postal (if outside the U.S.):

Your comment: Secretary Ann E. Misback Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue NW Washington, DC 20551 Dear Secretary Misback, U.S. Senator Malcolm Wallop founded our organization, Frontiers of Freedom, with the goal of creating an educational foundation that advocates for the principles of individual freedom, free enterprise, and free markets. These values are the bedrock of American society and have empowered individuals from diverse backgrounds to thrive. That's why I'm concerned about the Fed's current push to tighten its price cap on debit card interchange fees even further. This only threatens to make the realization of this American dream more difficult. The proposal in question seeks to lower the current cap on debit card interchange fees from 21 cents to 14.4 cents per transaction. While this may seem like a small change, the fact that debit cards are one of the most widely utilized payment methods by consumers means that this policy will impact a lot of people. Further, previous political proposals of a similar nature, in addition to substantiated research, show us that this impact will largely be negative. Following the financial crisis, the Fed originally capped debit card interchange fees in 2011 with the intention of generating extra revenue for struggling businesses. Unfortunately, rather than passing these cost savings down to consumers, big box retailers increased their prices, leading the financial burden to fall upon small businesses and consumers. One can fully understand the negative effects of an interchange fee cap when looking at the data. Due to the increased costs incurred by the rule, the Durbin Amendment's interchange fee cap ultimately left fewer Americans with solid banking options. What's more, the rule restricted consumer choice, as it led to the termination of popular perks and programs, such as debit card rewards. An interchange fee cap on debit card transactions serves as a primary example of government intervention gone wrong. Hardworking Americans, such as small business owners, deserve to have as many financial options at their disposal as possible. A lower interchange fee cap clearly limits individual freedom and the free market economy. For these reasons, I respectfully request that you work with the Federal Reserve to repeal this misguided policy. Sincerely, George Landrith President Frontiers of Freedom