

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

February 12, 2024

Dear Secretary Misback,

On October 25, 2023, the Fed Reserve issued a proposal to lower the maximum debit interchange fee prescribed under Reg II. This proposal includes a reduction in base fees from 21 cents to 14.4 cents, a decrease in the ad valorem component from 5 basis points to 4 basis points, and a fraud adjustment increase from 1 cent to 1.3 cents.

This proposal will have a significant impact on non-exempt Financial Institutions. This proposal is based on data that is not accurately representing the current state of debit card issuers and the current regulatory requirements. Merchants have not shared post-Durbin savings as we see retailers earn record profits. Additionally, this proposal includes a formula allowing for periodic changes without public comment.

Glacier Bancorp, Inc. is a regional bank holding company providing commercial banking services in 144 communities through 222 banking offices in Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona, and Nevada. We offer a wide range of banking products and services, including transaction and savings deposits, commercial, consumer, and real estate loans, and mortgage origination services. We have total assets of \$28.1 billion and shareholder equity of \$2.9 billion.

We believe this regulation may lead to increased consumer costs, changes in product features, or changes in consumer segments served. Following the Durbin Amendment, there was a drastic reduction in free checking and debit rewards while monthly account fees and minimum balances increased. While we maintained our Totally Free Checking program, decreased revenue is a factor in budgeting and this proposed change may have impact on what future projects we can invest in. Additionally, a reduced interchange cap may result in Financial Institutions revisiting which consumer and business segments they serve, and some customers may lose access to critical financial services such as free checking programs.

Non-exempt issuers may need to reduce investments, particularly in innovation and increased security features, as revenue to support this work is affected. This is detrimental to both customers and Financial Institutions, as it can impact the ability to compete with “too big to fail” banks.

Financial Institutions face significant uncertainty given the high level of regulatory burden. Because of the recent increase in regulatory activity in the industry (Basel III, CFPB fee reductions, CCCA, etc.), Financial Institutions are now facing sudden pressure without knowing the full effects on their P&L. By lowering the cap, the Fed would be increasing the share of issuers that can’t recover cost, placing greater burden on Financial Institutions and the overall financial market.



In closing, Glacier Bancorp does not support the proposal. The subsequent result of decreased investments, particularly those that improve a customer's overall experience and benefits, along with the potential to impact program offerings is detrimental to the average consumer. We appreciate your consideration of our position and your re-consideration of implementing this proposed change.

Best Regards,

Lee Groom
Senior Vice President, Customer Experience