



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

**Re: Docket No. R-1818, RIN 7100-AG-67
Notice of Proposed Rulemaking: Debit Card Interchange Fees and Routing**

Dear Ms. Misback:

Dear Members of the Federal Reserve Board,

I am Chris Theisen, CEO of Theisen Home·Farm·Auto, writing to express my support for the proposed reduction in debit card interchange fees outlined in the Notice of Proposed Rulemaking (NPRM). As the CEO of a 24-store retail business operating in 2 states, I appreciate the Board's effort to address this long-standing issue.

While I endorse the Board's initiative, I must emphasize that the proposed fee limits, although a step in the right direction, remain excessively high. The data indicates that further reductions are warranted, given the substantial decrease in allowable costs for covered issuers since the initial fee limit was set.

Debit interchange fees significantly impact our business, representing one of the highest operating costs. The proposed reduction from a maximum of 21 cents to 14.4 cents is positive but falls short of aligning with the actual average covered issuer costs, which have decreased by approximately half. The fixed multiplier of 3.7 is too high and disproportionately benefits large banks, resulting in windfall profits. A more reasonable base component limit reflecting the current cost landscape is critical for us.

The proposed adjustment to the ad valorem component recognizes the decline in issuer fraud losses but must consider the increasing burden on merchants and cardholders. The Fed should eliminate this component until issuers bear a fair share of fraud loss costs, preventing them from passing these expenses on to merchants and consumers.

Regarding the issuer-fraud prevention adjustment, a more rigorous approach is needed. Issuers should demonstrate compliance with effective fraud prevention standards to qualify for the adjustment, discouraging practices that steer transactions toward fraud-prone networks.

While I support the regular update of debit swipe fee limits, caution is necessary in establishing the base component multiplier. The current proposal of 3.7 is excessively high; a maximum of 2.7 would be more reasonable. Vigilance in monitoring cost data submission is crucial to prevent manipulation by issuers, given the history of industry attempts to game regulatory requirements.



In conclusion, I urge the Board to proceed with fee reductions and regular adjustments, but with lower fee levels and robust safeguards against industry manipulation. This will empower Main Street businesses to manage costs, fostering a more competitive marketplace to the benefit of businesses, customers, and communities.

Thank you for considering my views on this vital matter.

Sincerely,

Chris Theisen
CEO & President
Theisen Supply Inc.

Cc: The Honorable Senator Charles Grassley
The Honorable Senator Joni Ernst
The Honorable Senator Tammy Baldwin
The Honorable Senator Ron Johnson