



A. Ford Sasser III
Chief Executive Officer

January 16, 2024

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

Re: Docket No, R-1818, RIN 7100-AG67
Comment Letter

Dear Ms. Misback,

As the Chief Executive Officer of a Minority Deposit Institution in the Rio Grande Valley located in deep South Texas, I submit to you this comment letter on the above-stilled proposal. Our bank is located in what is considered a "low-end economic" area. I am concerned about what the Federal Reserve proposes as a change to "Regulation II." As a banker, I am proud of the work that my bank has done to reach the unbanked in our poor community. And I am proud of what the banking industry, as a whole, has done to make banking affordable for the poorest of our citizens.

In 2011, the unbanked rate was at its highest level at 4.5%, and in 2021, the unbanked rate fell by 3.7%, corresponding to an increase of approximately 5 million banked households; and 2021 marks the lowest unbanked rate since 2009. Many of these households are in my market area, bringing my customers into safe, affordable, and regulated bank accounts. However, the current Federal Reserve proposal hinders my bank's progress in offering affordable deposit accounts to the low-income households in our community.

Among the changes proposed by the Federal Reserve is the revision to Regulation II to lower debit interchange fees by almost a 30% decrease and institute a biennial review of the cap without accompanying any public comment each time. These fees help support the servicing of accounts at our banks and credit unions with each debit transaction activity.

I am writing this letter for my low-income customers so I can continue to afford to subsidize their low-balance deposit accounts. These large retailers do not do anything to help my economically disadvantaged customers. However, the banking industry is, and we want the Federal Reserve to consider the consequences to our customers before they take a callus approach to this.

Actions like this will fundamentally impair the sustainability of affordable deposit account products. If enacted, this Federal Reserve proposal to lower Durbin Amendment debit card interchange caps will subsidize the largest global retailers at the expense of poor and disadvantaged bank account customers.

Regards,

A handwritten signature in black ink, appearing to read 'Ford Sasser', with a long horizontal flourish extending to the right.

Ford Sasser
Chief Executive Officer