

R&R Smith Inc
dba The Corner Store
3015 80th St East
Inver Grove Heights MN, 55076

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President's Office ¹

February 29, 2024

The Hon. Neel Kashkari, President
Federal Reserve Bank of Minnesota
90 Hennepin Avenue
Minneapolis, MN 55401

Dear President Kashkari,

As the owner of a gas station and convenience store in Inver Grove Heights, MN, I am writing to urge and thank you for your support for the Federal Reserve's proposed rule to revise the debit card regulated rate. The transaction fees associated with debit card use in our retail business have become increasingly burdensome to our business with increased use of debit cards in the post-pandemic era.

As this rule is deliberated, please consider the costs associated with debit card transactions. According to the Fed's own data, the issuers' average cost is 3.9 per transaction. This reflects a decrease in cost of nearly 50 percent since the regulated rate was last set in 2011. Yet the proposed rate in the rule is 14.4 cents, plus 1.3 cents for fraud prevention and .04 percent transaction fee to cover banks' fraud losses. This brings the proposed average fee to 17.7 cents. While a significant reduction from the 2011 rate, it still represents a significant cost to merchant.

We don't want to charge our customers debit transaction fees as many are already paying additional charges for credit card purchases. Often, these customers have no other option than to pay with debit cards. Dodd-Frank directs the Federal Reserve to place "reasonable and proportional" limits on the debit interchange fee.

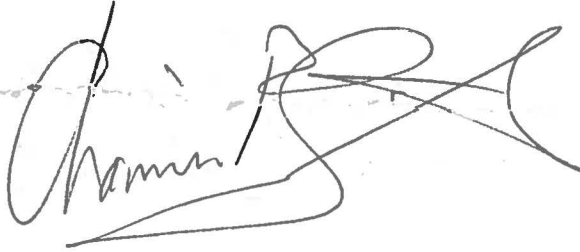
Again, I urge your support of the regulated rate proposed rulemaking and that the rate be set in a way that is reasonable and proportional to the banks and the issuers that charge

the fee. I also urge that the rate be reviewed every two years, as is proposed in the rulemaking.

Thank you for your attention to this matter.

Sincerely,

Chan Smith, R&R Smith, Inc.

A handwritten signature in black ink, appearing to read "Chan Smith", with a large, stylized flourish extending from the end of the name.