

GBA
GEORGIA BANKERS ASSOCIATION
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May 10, 2024

Ms. 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

Dear Ms. Misback:

On behalf of the 168 commercial banks and thrifts that are members of the Georgia Bankers Association, I write today with strong objection to the above referenced Notice of Proposed Rulemaking (NPRM) to lower the interchange price cap currently in Regulation II.

From the outset, we were opposed to the inclusion of the provision in the Dodd-Frank Act imposing government price controls on debit card interchange and have seen the adverse impacts on Georgia residents and our member banks alike. From fewer bank products offered to low-to-moderate income citizens and reduced bank revenue from debit card offerings, the ultimate outcome of this flawed policy will only continue to worsen under this NPRM. This proposal is using outdated and incomplete data from card issuers reflecting a project loaded with assumptions, not calculated the way that a private business views the cost of a transaction, thus it is devoid of real-life experience of financial institutions.

Additionally, the Board's actions are completely discretionary at this point, and reopening the existing debit card interchange price cap to revise the methodology for the interchange calculation will only benefit merchants, especially the largest big-box retailers, and core processors at the expense of banks of all sizes, not just those "covered" institutions. It is a falsehood to say that covered institutions are the only ones affected by this rule. We have seen data showing community bank debit card revenue has dropped dramatically in the past 15 years that can only be directly related to the existing price caps.

Further, this NPRM will discourage further investment in fraud detection and prevention, harm the overall health of the U.S. Payments System and, just as we have seen with the existing caps, the savings that merchants will realize will certainly not be passed on to consumers, who are most at risk of negative fallout of this proposal.

For these reasons, we respectfully ask that this NPRM be withdrawn. Thank you for the opportunity to comment.

Sincerely,



Joe Brannen
President & CEO