

## Cabinet News and Views

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### Federal Reserve Board Proposes Adjusting Debit Interchange Caps in Accordance with the Durbin Amendment



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Yesterday, the Federal Reserve Board [announced proposed changes](#) to Regulation II (Debit Card Interchange Fees and Routing), which is the implementing regulation of the Durbin Amendment to the Dodd-Frank Act.

The Federal Reserve last touched on Regulation II in 2012, basing the calculation of the interchange fee caps upon numbers from 2009 and 2010, and, [in the memo accompanying the proposed rule](#), the Board observed that the “data show that the costs incurred by covered issuers in connection with debit card transactions have changed significantly over time”, with “transaction-processing costs on which the Board based the base component [having] nearly halved, the issuer fraud losses on which the Board based the ad valorem component [having] fallen, and the fraud-prevention costs on which the Board based the fraud prevention adjustment [having] risen.” The [Federal Register notice](#) that contains the proposed rule and further explains the Board’s approach to updating Regulation II is available [here](#). The Cabinet will discuss this proposed rule in more depth in next week’s issue.

Comments are due to the Board 90 days following the official publication of the Federal Register notice, which should mean late January or early February 2024.

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