

Card Issuer Survey Instructions

FR 3062

These are instructions for the Card Issuer Survey (“the survey”), which has been sent by the Board of Governors of the Federal Reserve System (“the Board”) to your organization.

We would appreciate your participation in this important survey designed to assist the Board in implementing new rules relating to interchange fees required under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act).¹ This survey will help the Board obtain information about the processing costs, fraud losses and fraud-prevention costs, and network routing and exclusivity arrangements associated with debit card transactions.

Section 1075 of the Act directs the Board to establish standards restricting the level of interchange fees for certain debit card (including prepaid card) transactions to an amount that is “reasonable and proportional” to the cost incurred by the issuer with respect to that transaction. In addition, the Act requires the Board to issue rules that prohibit issuers and payment card networks from requiring that a particular debit card transaction be processed on only one payment card network and from limiting the ability of merchants to direct the routing of debit card transactions.

As input to the development of the Board’s proposed rules, the information requested in this survey is broad to provide the Board with a greater perspective on the debit card industry. You should not infer, from the information requested, any particular policy direction of the Board as it develops its proposed regulations implementing the interchange provisions of the Act.

Your organization has also received an encrypted spreadsheet that contains the survey, as well as a passcode (via a separate email) required to open the spreadsheet. This passcode will ensure that your response is encrypted when you return the survey to the Board. In order to complete the survey, you must be running Microsoft Excel version 2007 or 2010 and must provide the passcode when opening the spreadsheet. No action is required to encrypt the survey when saving the file. **Please complete the survey and send it as an attachment to Interchange.Survey@frb.gov within 30 days of the date of the transmittal letter.**

The survey contains seven sections and a response form, provided as separate tabs in the spreadsheet. Please carefully read the instructions including the scope and reporting period applicable for each section. Please complete all sections of the survey. **Do not leave any cells in the survey blank (other than unused comment fields). If a response to a particular cell does not exist, enter a 0. If a response to a particular cell cannot be determined, enter DK for “don’t know.”** In cases where DK is entered, please provide an explanation in the associated comment field. We will review the submitted surveys for logical consistency and to identify potential inaccuracies with respect to reported items. We may contact the point-of-contact identified in your survey response if we need to confirm or revise a reported item, or need further explanation.

¹ The Act, Pub. L. 111-203, 124 Stat. 1376, was enacted on July 21, 2010.

Your organization has also received a list of depository institution affiliates. We would prefer a combined survey response for those affiliates that issue debit and/or prepaid cards. If any of your affiliates have materially separate card operations from other affiliates, you may submit an individual survey response for each of those affiliates. Regardless of whether you submit combined or separate responses for your affiliates, all of your affiliates that issue debit and/or prepaid cards should be included in a survey response.

In the “Response form” section in the first tab of the survey worksheet, list the depository institution affiliates for a particular survey response. The names of affiliates on a particular survey should be consistent with the names in the list of your affiliates or any revisions to that list that your organization has provided. In the response form, please provide the designated point-of-contact for your organization’s overall response. Please also include the Unique Identifier assigned to your institution (provided in the cover letter to the survey).

Throughout the remainder of these instructions, “your organization” refers to the depository institution affiliate or affiliates for a particular survey response. The term “United States” refers to the States, territories, or possessions of the United States, or any political subdivision of any of the foregoing.

If you have questions or difficulties with the survey, including questions about the passcode, survey encryption, or survey submission, Board staff can assist you. Please call Jennifer Davidson at 202-452-2446 or email Interchange.Survey@frb.gov for assistance. Provide your name, organization, and contact information along with your inquiry when you call or email. If we receive a substantial number of questions that are similar in nature, we will address these frequently asked questions (FAQs) and post the list to the Regulatory Reform section of the Board’s public website (http://www.federalreserve.gov/newsevents/reform_about.htm).

Reporting burden and confidentiality

The Federal Reserve Board regards the individual organization information provided by each respondent as confidential (5 U.S.C. § 552(b)(4)). The Board, however, may publish aggregate or summary information in a way that does not reveal your individual organization’s confidential information. If it should be determined subsequently that any information collected on this form must be released, the respondents will be notified.

Public reporting burden for this collection of information is estimated to be 250 hours per response, including the time to gather data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or via email to regs.comments@frb.gov; and to the Office of Management and Budget, Paperwork Reduction Project (XXXX-XXXX), Washington, D.C. 20503. The Federal Reserve may not conduct or sponsor,

and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Section I: Card program information

Reporting period: Unless instructed otherwise, report data as of year-end 2009.

Scope: Report data for accounts and cards associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Do not include data from affiliates or branches located outside the United States.

Card program (column) definitions: Report data in each column for accounts and cards that are associated with the following types of card programs:

- (1) Debit – Access to funds in a cardholder’s asset account that may be used for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device. Do not include accounts and cards that do not support point-of-sale or other purchase transactions (e.g., accounts with cards that can only access ATM networks).
- (2) Prepaid – Access to prepaid funds held in an account that may be used for point-of-sale or other purchase transactions through use of a prepaid card, payment code, or other device. Include information for both reloadable and non-reloadable prepaid cards and for government and non-government prepaid programs. For purposes of prepaid card programs set up with an omnibus account, an account refers to each sub-account for each cardholder and not to the omnibus account in which funds for each of the sub-accounts are kept.

Accounts and card category (row) definitions:

I.A. Number of accounts: Total accounts

The total number of open, in-scope accounts for which a card that may be used for point-of-sale or other purchase transactions has been issued. Count a single account with multiple cards as one account. Count multiple accounts associated with a single card as a single account.

I.A.1. Annual average

The average number of open, in-scope accounts for 2009 for which a card that may be used for point-of-sale or other purchase transactions has been issued. Compute as the sum of the number of such accounts at the end of each month divided by twelve. Count a single account with multiple cards as one account. Count multiple accounts associated with a single card as a single account.

I.A.2. Number of accounts by customer type: Consumer

The number of total accounts (from I.A.) that your organization categorizes as consumer accounts.

I.A.3. Number of accounts by customer type: Business

The number of total accounts (from I.A.) that your organization categorizes as business or commercial accounts.

I.A.4. Number of accounts by customer type: Other

The number of total accounts (from I.A.) that are not consumer or business accounts.

I.B. Number of cards: Total cards

The total number of in-scope cards that are issued for open accounts and may be used for point-of-sale or other purchase transactions. For a single account with multiple cards, count all cards associated with that account.

I.B.1. Annual average

The average number of in-scope cards for 2009 that are issued for open accounts and may be used for point-of-sale or other purchase transactions. Compute as the sum of the number of such cards at the end of each month divided by twelve. For a single account with multiple cards, count all cards associated with that account.

I.B.2. Active

The number of total cards (from I.B.) with at least one point-of-sale or other purchase transaction during the last 30 days of 2009.

I.B.2.a. Annual average

The average number of active cards for 2009. Compute as the sum of the number of such cards at the end of each month divided by twelve. At the end of each month, an active card is a card that had at least one point-of-sale or other purchase transaction during the preceding 30 days or previous calendar month.

I.B.3. Issued during year

The number of total cards (from I.B.) issued during 2009. Include both newly issued cards and cards reissued to replace existing cards.

I.B.3.a. Newly issued

The number of issued cards (from I.B.3.) that were newly issued during 2009. Do not include cards that were reissued to replace existing cards.

I.B.3.b. Reissued

The number of issued cards (from I.B.3.) that were reissued to replace existing cards during 2009 for any reason.

I.B.3.b.i. Compromised cards

The number of reissued cards (from I.B.3.b.) that were reissued due to fraudulent transactions, lost or stolen cards, or suspected or confirmed compromise of cardholder account or card information.

I.B.3.b.ii. Other reissued cards

The number of reissued cards (from I.B.3.b.) that were not reissued due to card compromise, such as cards reissued due to damage or as a result of the normal issuance cycle.

I.B.4. Respondent cards

The number of total cards (from I.B.) that your institution issued or serviced as part of a relationship with a respondent depository institution, such as white label cards issued on behalf of such depository institutions.

I.B.5. Number of cards by network access: Signature and PIN

The number of total cards (from I.B.) that allow a cardholder to perform point-of-sale or other purchase transactions over both a single signature network and at least one PIN network. Do not include ATM-only networks as PIN networks.

I.B.5.a. One PIN network, affiliated

The number of signature and PIN cards (from I.B.5.) that allow a cardholder to perform point-of-sale or other purchase transactions over a single signature network and a single PIN network affiliated with the signature network. Examples of affiliated PIN and signature networks include Maestro and MasterCard, or Interlink and Visa.

I.B.5.b. One PIN network, unaffiliated

The number of signature and PIN cards (from I.B.5.) that allow a cardholder to perform point-of-sale or other purchase transactions over a single signature network and a single PIN network unaffiliated with the signature network.

I.B.5.c. Two or more PIN networks

The number of signature and PIN cards (from I.B.5.) that allow a cardholder to perform point-of-sale or other purchase transactions over a single signature network and two or more PIN networks.

I.B.6. Number of cards by network access: PIN only

The number of total cards (from I.B.) that allow a cardholder to perform point-of-sale or other purchase transactions over at least one PIN network and no signature network. Do not include ATM-only networks as PIN networks.

I.B.6.a. One PIN network

The number of PIN-only cards (from I.B.6.) that allow a cardholder to perform point-of-sale or other purchase transactions over only a single PIN network.

I.B.6.b. Two or more PIN networks

The number of PIN-only cards (from I.B.6.) that allow a cardholder to perform point-of-sale or other purchase transactions over two or more PIN networks.

I.B.7. Number of cards by network access: Signature only

The number of total cards (from I.B.) that allow a cardholder to perform point-of-sale or other purchase transactions over a single signature network and no PIN network. Do not consider ATM-only networks to be PIN networks.

I.B.8. Number of cards by network access: Multiple signature networks

The number of total cards (from I.B.) that allow a cardholder to perform point-of-sale or other purchase transactions over multiple signature networks, regardless of the number of PIN networks available for a transaction.

I.B.9. Number of cards by program type: Government program

The number of total cards (from I.B.) that your organization has issued pursuant to a Federal, State, or local government-administered payment program, in which the cardholder may only use the card to transfer or debit funds, monetary value, or other assets that have been provided pursuant to such program. Include non-needs-tested benefits cards (such as unemployment and child support cards) and needs-tested electronic benefit transfer (EBT) cards (such as to deliver Women, Infants, and Children (WIC) benefits). Include government payroll cards. Do not include cards that can only be used for ATM withdrawals.

I.B.10. Number of cards by program type: Non-government program (prepaid only)

The number of total prepaid cards (from I.B.) that your organization has issued that are not government program prepaid cards (as reported in I.B.9.) and are redeemable at multiple unaffiliated merchants or service providers. Include both reloadable and non-reloadable prepaid cards.

I.B.10.a. Reloadable

The number of non-government program prepaid cards (from I.B.10.) that your organization has issued that are reloadable.

I.B.10.a.i. Gift

The number of non-government program, reloadable prepaid cards (from I.B.10.a.) that are marketed or labeled as a gift card or gift certificate.

I.B.10.a.ii. Non-gift

The number of non-government program, reloadable prepaid cards (from I.B.10.a.) that are not marketed or labeled as a gift card or gift certificate.

I.B.10.b. Non-reloadable

The number of non-government program prepaid cards (from I.B.10.) that your organization has issued that are not reloadable.

I.B.11. Number of cards by customer type: Consumer

The number of total cards (from I.B.) issued for accounts that your organization categorizes as consumer accounts (as reported in I.A.2.).

I.B.12. Number of cards by customer type: Business

The number of total cards (from I.B.) issued for accounts that your organization categorizes as business or commercial accounts (as reported in I.A.3.).

I.B.13. Number of cards by customer type: Other

The number of total cards (from I.B.) issued for accounts that are not consumer or business accounts (as reported in I.A.4.).

Section II: Card program activity

Reporting period: Report data for calendar year 2009.

Scope: Report data on transactions for cards associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Include both domestic and international transactions. Do not include data from affiliates or branches located outside the United States.

General instructions:

- Round any value to the nearest dollar. Do not include dollar signs or commas.

Card program (column) definitions: Report data in each column corresponding to transactions on the following types of card programs:

- (1) Signature debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which the access is not authorized through the use of a PIN.
- (2) PIN debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which the access is authorized through the use of a PIN. Do not include transactions for cards that do not support point-of-sale or other purchase transactions (e.g., accounts with cards that can only access ATM networks).
- (3) Prepaid – Access to prepaid funds held in an account that may be used for point-of-sale or other purchase transactions through use of a prepaid card, payment code, or other device. Include information for both reloadable and non-reloadable prepaid cards and for government and non-government prepaid programs. For purposes of prepaid card programs set up with an omnibus account, an account refers to each sub-account for each cardholder and not to the omnibus account in which funds for each of the sub-accounts are kept.

Activity category (row) definitions:

II.A. Purchases and returns: Total transactions

The total number and value of in-scope transactions that involved a transfer of value between a cardholder and a merchant. Include both purchase transactions in which value was transferred from the cardholder to the merchant in exchange for goods and services and return transactions in which value was transferred from the merchant to the cardholder. Do not include chargebacks or any event in which value was not transferred between a cardholder and a merchant, such as denials, errors, or authorizations that did not clear or were not presented for settlement. For prepaid cards, do not include funds loads to cards.

II.A.1. Transactions with cash-back

The number and value of transactions (from II.A.) in which the network reports to you that the merchant gave part of the point-of-sale purchase value to the cardholder as cash. Include both the purchase and cash-back amounts in the value.

II.A.1.a. Cash-back amount

The total value of cash given by merchants to cardholders in cash-back transactions.

II.A.2. Transaction environment: Card-present

The number and value of transactions (from II.A.) in which the card was physically present at the time of purchase (in-person or automated kiosk transactions).

II.A.3. Transaction environment: Card-not-present

The number and value of transactions (from II.A.) in which the card was not physically present at the time of purchase (e.g., mail order, Internet, or telephone transactions).

II.A.4. Transaction type: Purchase

The number and value of transactions (from II.A.) in which value was transferred from the cardholder to the merchant in exchange for goods or services.

II.A.5. Transaction type: Return

The number and value of transactions (from II.A.) initiated by the merchant in which value was transferred from the merchant to the cardholder following a return of goods, a refund for services, or a correction of the cardholder's purchase amount.

II.A.6. Transaction location: Domestic

The number and value of transactions (from II.A.) in which the merchant was located in the United States.

II.A.7. Transaction location: International

The number and value of transactions (from II.A.) in which the merchant was located outside the United States.

II.B. Chargebacks and other errors: Total chargebacks and other errors

The total number and value of transactions that your organization returned to an acquirer through a chargeback procedure and other transactions that your organization determined were in error but did not return to an acquirer through a chargeback procedure.

II.B.1. Chargebacks

The total number and value of transactions (from II.B.) that your organization returned to an acquirer through a chargeback procedure. Include all chargebacks prior to representment by an acquirer.

II.B.1.a. Unauthorized transactions

The total number and value of transactions that your organization returned to an acquirer through a chargeback procedure (from II.B.1.) because the cardholder either did not authorize or did not remember authorizing a transaction or transaction amount. Include all chargebacks prior to representment by an acquirer.

II.B.1.a.i. Representments

The total number and value of chargebacks for unauthorized transactions (from I.B.1.a.) that were represented by an acquirer.

II.B.1.b. Other

The total number and value of transactions that your organization returned to an acquirer through a chargeback procedure (from II.B.1.) for reasons other than unauthorized transactions. Include all chargebacks prior to representment by an acquirer.

II.B.1.b.i. Representments

The total number and value of other chargebacks (from II.B.1.b.) that were represented by an acquirer.

II.B.2.Errors not charged back

The total number and value of transactions (from II.B.) that your organization determined were in error but did not return to an acquirer through a chargeback procedure.

II.B.2.a. Unauthorized transactions

The total number and value of transactions that your organization did not return to an acquirer through a chargeback procedure (from II.B.2.) in which the cardholder either did not authorize or did not remember authorizing a transaction or transaction amount.

II.B.2.b. Other

The total number and value of transactions that your organization did not return to an acquirer through a chargeback procedure (from II.B.2.) but that your organization determined involved errors other than unauthorized transactions.

II.C. Other activity: Authorizations without value transfer

The number of transaction authorizations that did not clear or were not presented for settlement. Do not include denials or errors.

II.D. Other activity: Denials

The number of transaction authorization requests declined.

II.E. Other activity: Funds loads to cards (prepaid only)

The number and value of transactions in which funds were loaded to a prepaid card. Include both initial loads and reloads of funds.

II.F. Other activity: ATM transactions

Report the total number of the following ATM transactions: cash withdrawals, account transfers, account balance inquiries, and other activities that involve a verification of account balance. Do not include check or cash deposits. Do not include ATM transactions for cards that do not support point-of-sale or other purchase transactions (e.g., cards that can only access ATM networks).

II.G. Revenue: Interchange

The total value of interchange revenue received. Report interchange revenue before any deductions due to rewards costs, affinity partner revenue-sharing, or other adjustments. Do not include interchange received or paid for ATM transactions.

Note: If your organization is also a card network such that your organization did not have interchange revenue, report total fees charged to merchants. Further, in the comment field, provide the percentage of total fees reported that were assessed on a per-transaction basis and the percentage that were not assessed on a per-transaction basis. These percentages should total to 100 percent.

II.H. Revenue: Card-related transaction fees

The total value of fees assessed to cardholders for routine card transactions. Include fees associated with point-of-sale transactions and for loading and reloading funds to prepaid cards. Do not include ATM fees, penalty fees (as reported in II.I), or other cardholder fees (as reported in II.J).

II.I. Revenue: Penalty fees

The total value of any fees or charges imposed for violating the terms or other requirements of an asset or prepaid account in connection with processing a transaction an accountholder has requested or initiated. Include overdraft or insufficient funds fees, declined transaction fees, unavailable or uncollected funds fees, and fees for exceeding transaction limits. Do not include ATM fees, card-related transaction fees (as reported in II.H.), or other cardholder fees (as reported in II.J.).

II.J. Revenue: Other cardholder fees

The total value of all other fees charged to cardholders for the use of a card, such as annual or monthly fees, reward program fees, balance inquiry or other card account servicing fees, any initial set-up or activation fees, and any other periodic fees associated with a cardholder's account. Do not include ATM fees, card-related transaction fees (as reported in II.H.), or penalty fees (as reported in II.I.).

Section III: Processing costs

Reporting period: Report data for calendar year 2009.

Scope: Report data for costs incurred by your organization in its role as issuer for transactions associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Include both domestic and international transactions. Do not include data from affiliates or branches located outside the United States.

General instructions:

- Report total costs for each cost category, not per unit or per transaction costs.
- For capital expenditures, report costs depreciated or amortized during 2009. Report the amount of such expenditures and the depreciation/amortization approach (e.g., straight-line over five years) in the associated comment field for a response.
- Report fully-allocated costs for each card program category (column) including costs attributable to a single card program and costs shared with other card programs or activities that are allocated to card program categories.
- Costs shared with other card programs or activities should be allocated to each card category based on the number of transactions.
 - For example, if your institution has shared costs for signature and PIN debit operations, allocate those costs to signature debit based on the proportion of signature debit transactions to total debit transactions.
 - If your institution has shared costs for debit, prepaid, and/or credit card operations, first allocate those costs to debit card operations based on the proportion of debit transactions to total relevant card transactions. Then allocate the costs for debit card operations to signature and PIN debit operations as described above.
 - If you allocate shared costs, provide a description of such costs in the associated comment field for a response. Include the activities for which costs are jointly shared and the total amount of such costs.
- **Do not allocate corporate overhead costs to card program categories (columns). Do not allocate other overhead costs to card programs except insofar as that overhead is directly related to activity in a card program.**
- **Do not double count costs across card program categories (columns).**
- **Do not include any costs reported in sections IV or V.**
- If your organization is unable to report activity categories (rows) broken down as indicated in the survey, enter DK for “don’t know” in the subcategories and enter aggregate values in the “total” area for each category.
- Round any value to the nearest dollar. Do not include dollar signs or commas.

Card program (column) definitions: Report data in each column corresponding to the cost of processing transactions on the following types of card programs:

- (1) Signature debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is not authorized through use of a PIN.
- (2) PIN debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is authorized through use of a PIN. Do not include accounts and cards that do not support point-of-sale or other purchase transactions (e.g., accounts with cards that can only access ATM networks).
- (3) Prepaid – Access to prepaid funds held in an account that may be used for point-of-sale or other purchase transactions through use of a prepaid card, payment code, or other device. Include information for both reloadable and non-reloadable prepaid cards and for government and non-government prepaid programs. For purposes of prepaid card programs set up with an omnibus account, an account refers to each sub-account for each cardholder and not to the omnibus account in which funds for each of the sub-accounts are kept.

Activity category (row) definitions:

General definitions:

The following definitions apply throughout the activity categories:

- Third-party fees – Payments by your organization to external service providers for processing activities that are performed by those service providers on behalf of your organization. Service providers may include card networks or affiliates of card networks to the extent that your organization contracts with such parties for provision of optional services related to transaction processing. **Do not include switch fees or other fees charged by a card network for services that are required for the processing of transactions.**
 - Fixed third-party fees – Fees for third-party services that do not vary with changes in the number or value of transactions over the course of the reporting period, such as service subscription fees.
 - Variable third-party fees – Fees for third-party services that directly vary with the number or value of transactions.
- In-house costs – Costs incurred for processing activities that are not outsourced to third parties.
 - Fixed costs – Costs that do not vary with changes in the number or value of transactions over the course of the reporting period. For example, the cost of connectivity typically would be a fixed cost over the course of the reporting period.

- Variable costs – Costs that directly vary with the number or value of transactions. For example, the cost of processing transactions through a data processing center typically would be a variable cost.
- Network fees – Total switch fees or other fees charged by card networks for services that are required for the processing of transactions. Do not include any fees for optional services related to transaction processing that may be provided by a card network or an affiliate of a card network. Do not include any network fees that are not directly linked to the processing of transactions, such as membership or license fees.

III.A. All processing activity: Total processing costs

Total costs associated with processing purchase and return transactions, chargebacks and errors, authorizations without value transfer, denials, and funds loads to cards (as reported in II.A. – II.E.). Include network fees and the cost of authorization, interbank clearing and settlement, and cardholder account posting (as defined in III.A.4.d. – III.A.4.f.).

Report in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees as indicated. For treatment of in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees, refer to the general definitions at the beginning of this section.

III.A.4. Routine transaction processing: Total processing costs

The amount of total costs (from III.A.) associated with processing purchase and return transactions, authorizations without value transfer, denials, and funds loads to cards (as reported in II.A. and II.C. – II.E.). Include network fees and the cost of authorization, interbank clearing and settlement, and cardholder account posting (as defined in III.A.4.d. – III.A.4.f.). Do not include any costs associated with chargebacks or errors (as reported in II.B.).

Report in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees as indicated. For treatment of in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees, refer to the general definitions at the beginning of this section.

III.A.4.d. Authorization: Total costs

The amount of total costs for routine transactions (from III.A.4.) associated with providing authorization for transactions including data processing, connectivity expenses, voice authorization inquiries, and referral inquiries. Do not include network fees. Report in-house costs and third-party fees as indicated.

III.A.4.e. Interbank clearing and settlement: Total costs

The amount of total costs for routine transactions (from III.A.4.) associated with receiving, verifying, reconciling, and settling transactions with other financial

institutions. Do not include costs associated with posting to cardholders' accounts. For PIN-debit transactions, where transaction authorization and clearing are combined in the same message, report the clearing costs under the authorization category. Do not include network fees, connectivity expenses or any other costs reported in III.A.4.d. Report in-house costs and third-party fees as indicated.

III.A.4.f. Cardholder account posting: Total costs

The amount of total costs for routine transactions (from III.A.4.) associated with posting transactions to cardholders' accounts. Do not include costs associated with interbank clearing and settlement. Do not include network fees. Report in-house costs and third-party fees as indicated.

III.A.5. Chargeback and error processing: Total processing costs

The amount of total costs (from III.A.) associated with processing transactions that your organization returned to an acquirer through a chargeback procedure (as reported in II.B.1) and other transactions that your organization determined were in error but that were not returned to an acquirer through a chargeback procedure (as reported in II.B.2.).

Report in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees as indicated. For treatment of in-house (fixed/variable) costs, third-party (fixed/variable) fees, and network fees, refer to the general definitions at the beginning of this section.

Section IV: Card program costs

Reporting period: Report data for calendar year 2009.

Scope: Report data for costs incurred by your organization in its role as issuer for activity associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Do not include data from affiliates or branches located outside the United States.

General instructions:

- Report total costs for each cost category, not per unit or per transaction costs.
- For capital expenditures, report costs depreciated or amortized during 2009. Report the amount of such expenditures and the depreciation/amortization approach (e.g., straight-line over five years) in the associated comment field for a response.
- Report fully-allocated costs for each card program category (column) including costs attributable to a single card program and costs shared with other card programs or activities that are allocated to card program categories.
- Costs shared with other card programs or activities should be allocated to each card category based on the number of transactions or other appropriate activity-based measures.
 - For example, if your institution has shared costs for signature and PIN debit operations, allocate those costs to signature debit based on the proportion of signature debit transactions to total debit transactions.
 - If your institution has shared costs for debit, prepaid, and/or credit card operations, first allocate those costs to debit card operations based on the proportion of debit transactions to total relevant card transactions. Then allocate the costs for debit card operations to signature and PIN debit operations as described above.
 - For activities such as call center servicing, if the number of transactions is not an appropriate basis for cost allocation, allocate shared costs using an appropriate activity-based measure such as time of activity dedicated to each card program.
 - If you allocate shared costs, provide a description of such costs in the associated comment field for a response. Include the activities for which costs are jointly shared, the total amount of such costs, and the allocation method if it is not based on the number of transactions.
- **Do not allocate corporate overhead costs to card program categories (columns). Do not allocate other overhead costs to card programs except insofar as that overhead is directly related to activity in a card program.**
- **Do not double count costs across card program categories (columns).**
- **Do not double count costs across activity categories (rows).**
- **Do not include any costs reported in sections III or V.**
- Round any value to the nearest dollar. Do not include dollar signs or commas.

Card program (column) definitions: Report data in each column corresponding to costs of the following types of card programs:

- (1) Signature debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is not authorized through use of a PIN.
- (2) PIN debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is authorized through use of a PIN. Do not include accounts and cards that do not support point-of-sale or other purchase transactions (e.g., accounts with cards that can only access ATM networks).
- (3) Prepaid – Access to prepaid funds held in an account that may be used for point-of-sale or other purchase transactions through use of a prepaid card, payment code, or other device. Include information for both reloadable and non-reloadable prepaid cards and for government and non-government prepaid programs. For purposes of prepaid card programs set up with an omnibus account, an account refers to each sub-account for each cardholder and not to the omnibus account in which funds for each of the sub-accounts are kept.

Activity category (row) definitions:

General definitions:

The following definitions apply throughout the activity categories:

- Third-party fees – Payments by your organization to external service providers for card program activities that are performed by those service providers on behalf of your organization. Service providers may include card networks or affiliates of card networks to the extent that your organization contracts with such parties for provision of optional services related to card programs.
- In-house costs – Costs incurred for card program activities that are not outsourced to third parties.

IV.A. Card production and delivery: Total costs

Total costs associated with producing and delivering cards to cardholders. Include costs for issuance of cards to new cardholders and reissuance of cards to existing cardholders. Report in-house costs and third-party fees as indicated.

IV.B. Cardholder inquiries: Total costs

Total costs associated with cardholder inquiries about card transaction activity. Include inquiries associated with replacement cards, fee waivers, transaction details, transaction fees, cardholder disputes, and other issues related to card transaction activity. Do not include costs of chargeback processes that result from cardholder inquiries. Report in-house costs and third-party fees as indicated.

IV.C. Rewards and other incentives: Total costs

Total costs associated with cardholder reward programs or other incentive payment programs that result from activity of your card programs. Include costs of program administration, rewards, and affinity partner revenue-sharing.

IV.C.1. Program administration

The amount of total costs (from IV.C.) attributable to administration of rewards or other incentive programs.

IV.C.2. Rewards

The amount of total costs (from IV.C.) reflecting rewards earned by cardholders during 2009. Include all rewards earned for activity in 2009, even if those rewards were not paid in 2009.

III.C.3. Affinity partner revenue-sharing

The amount of total costs (from IV.C.) associated with any fees or payments to external partners with which your institution has a revenue-sharing arrangement in which your institution has agreed to pay some amount that depends on the amount or value of transaction activity. Include any interchange offsets or other revenue offsets that reflect such revenue-sharing arrangements. Include any amount shared with distribution or marketing partners.

IV.D. Network fees: Total non-transaction-processing fees

Total fees charged by card networks that are not associated with transaction processing, such as membership or license fees. Do not include any network fees reported in section III.

IV.E. Research and development: Total costs

Total costs of research and development for card programs including activities related to product enhancements, process improvements, product development, and testing. Do not include any research and development costs associated with fraud prevention activities reported in section V.

IV.F. Nonsufficient funds handling costs: Total costs

Total costs of handling nonsufficient funds events resulting from an account having insufficient funds to settle an authorized debit card transaction between the time of authorization of a transaction and settlement of that transaction. Include customer service costs, costs of collection activities, and costs of reporting the account to credit agencies. Include any fees paid to third parties for such activities. Do not include the amount of or losses from such transactions.

IV.G. Compliance: Total costs

The total costs of compliance with Federal, State, or local regulations applicable to debit and/or prepaid cards. Do not include compliance costs that are required of the issuer but are not tied to provision of a card product, such as compliance with AML/BSA regulations.

Section V: Fraud prevention activity costs and data security costs

Reporting period: Report data for calendar year 2009.

Scope: Report data for costs incurred by your organization for fraud prevention activities and data security associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Do not include data from affiliates or branches located outside the United States.

General instructions:

- Report total costs for each cost category, not per unit or per transaction costs.
- For capital expenditures, report costs depreciated or amortized during 2009. Report the amount of such expenditures and the depreciation/amortization approach (e.g., straight-line over five years) in the associated comment field for a response.
- Report fully-allocated costs for each card program category (column) including costs attributable to a single card program and costs shared with other card programs or activities that are allocated to card program categories.
- Costs shared with other card programs or activities should be allocated to each card category based on the number of transactions or other appropriate activity-based measures.
 - For example, if your institution has shared costs for signature and PIN debit operations, allocate those costs to signature debit based on the proportion of signature debit transactions to total debit transactions.
 - If your institution has shared costs for debit, prepaid, and/or credit card operations, first allocate those costs to debit card operations based on the proportion of debit transactions to total relevant card transactions. Then allocate the costs for debit card operations to signature and PIN debit operations as described above.
 - If you allocate shared costs, provide a description of such costs in the associated comment field for a response. Include the activities for which costs are jointly shared, the total amount of such costs, and the allocation method if it is not based on the number of transactions.
- **Do not allocate corporate overhead costs to card program categories (columns). Do not allocate other overhead costs to card programs except insofar as that overhead is directly related to activity in a card program.**
- **Do not double count costs across card program categories (columns).**
- **Do not double count costs across activity categories (rows).**
- **Do not include any costs reported in sections III or IV.**
- Round any value to the nearest dollar. Do not include dollar signs or commas.

Card program category (column) definitions: Report data corresponding to fraud prevention activity and data security associated with the following card programs:

- (1) Signature debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is not authorized through use of a PIN.
- (2) PIN debit – Access to funds in a cardholder’s asset account for point-of-sale or other purchase transactions through use of a debit card, payment code, or other device, in which access is authorized through use of a PIN. Do not include accounts and cards that do not support point-of-sale or other purchase transactions (e.g., accounts with cards that can only access ATM networks).
- (3) Prepaid – Access to prepaid funds held in an account that may be used for point-of-sale or other purchase transactions through use of a prepaid card, payment code, or other device. Include information for both reloadable and non-reloadable prepaid cards and for government and non-government prepaid programs. For purposes of prepaid card programs set up with an omnibus account, an account refers to each sub-account for each cardholder and not to the omnibus account in which funds for each of the sub-accounts are kept.

Activity category (row) definitions:

General definitions:

The following definitions apply throughout the activity categories:

- Third-party fees – Payments by your organization to external service providers for fraud prevention activities that are performed by those service providers on behalf of your organization. Service providers may include card networks or affiliates of card networks to the extent that your organization contracts with such parties for provision of optional or add-on services related to fraud prevention or data security activities.
- In-house costs – Costs incurred for fraud prevention activities that are not outsourced to third parties.

V.A. Fraud prevention activity: Total cost

Total costs related to activities aimed at detecting and preventing debit and prepaid card fraud as well as costs related to responding to suspected and realized debit and prepaid card fraud in order to prevent or limit losses. Report in-house costs and third-party fees as indicated.

V.B. Type of activity

In rows 1-25, provide the cost of specific fraud prevention activities. The types of fraud prevention activities listed in the table are illustrative. If necessary, you should add fraud prevention activities undertaken by your organization.

V.C. Data security: Total cost

Total costs incurred in securing the data processing and communications infrastructure of your card operations. Report in-house costs and third-party fees as indicated.

V.D. Type of activity

In rows 1-15, provide the cost of specific data security activities. The types of data security activities listed in the table are illustrative. If necessary, you should add data security activities undertaken by your organization.

V.E. Research and development

Total costs incurred in the in-house development or improvement of fraud prevention technologies.

V.F. Offsets for fraud prevention activity costs and data security costs

Total value of any reimbursement or recovery from merchants, acquirers, processors, or other parties for fraud prevention or data security activities, such as reimbursements for mass card reissuance following a data security breach.

Section VI: Fraud activity and losses

Reporting period: Report data for calendar year 2009.

Scope: Report data for fraud activity and losses associated with U.S. domiciled asset accounts held by consumer, business, or government customers. Do not include data from affiliates or branches located outside the United States.

General instructions:

- Report fraud activity and losses separately for each card category: PIN debit, signature debit, and prepaid card (VI.A – VI.C) as defined in previous sections. If your organization is unable to report fraud activity and losses separately for prepaid card programs, in the comment field:
 - Describe how prepaid card fraud activity and losses are captured and reported by your organization.
 - If prepaid card fraud activity and losses are included in either PIN debit or signature debit, include an estimate of the proportion accounted for by prepaid card fraud for columns (1), (7), (8), and (9).
- Chargebacks and representments should be reported for the calendar year 2009, even if they relate to transactions made in a prior period.
- **Do not double count fraud activity and losses across card categories (panels). For example, if a dual-function PIN and signature debit card is lost and stolen and used to make a fraudulent signature debit transaction, the incidence should be counted and valued only once under the signature debit fraud activity and losses.**
- **Do not double count fraud activity and losses across fraud categories (rows).**
- Round any value to the nearest dollar. Do not include dollar signs or commas.

Number and value of fraudulent transactions (column) definitions: For each card category, report the following metrics for each type of fraud listed and for the total row:

(1) Number of fraudulent transactions – Gross

Report the gross number of fraudulent transactions. Include fraudulent transactions that your organization did not return to an acquirer through a chargeback procedure.

(2) Number of fraudulent transactions – Chargebacks net of representments

Report the number of fraudulent transactions that your organization returned to an acquirer through a chargeback procedure, net of chargebacks that were represented by an acquirer.

(3) Number of fraudulent transactions – Recoveries

Report the number of fraudulent transactions where recoveries have been obtained through methods other than chargebacks.

(4) Value of fraudulent transactions – Gross

Report the gross value of fraudulent transactions. Include the value of fraudulent transactions that your organization did not return to an acquirer through a chargeback procedure.

(5) Value of fraudulent transactions – Chargebacks net of representments

Report the value of fraudulent transactions that your organization returned to an acquirer through a chargeback procedure, net of any chargebacks that were represented by an acquirer.

(6) Value of fraudulent transactions – Recoveries

Report the value of recoveries associated with fraudulent transactions where recoveries have been obtained through methods other than chargebacks.

(7) Value of fraudulent transactions – Net fraud losses

Report the gross value of fraudulent transactions (4) less chargebacks net of representments (5) and less recoveries (6)

(8) Percentage of net fraud losses after representments and recoveries – Cardholders

Report the percentage of net fraud losses (7) that are borne by cardholders of your institution. Columns (8) and (9) should equal 100 percent.

(9) Percentage of net fraud losses after representments and recoveries – Your Institution

Report the percentage of net fraud losses (7) that are assumed by your institution. Columns (8) and (9) should equal 100 percent.

Fraud activity category (row) definitions:

Type of fraud: The types of fraud listed are not meant to be exhaustive. Provide additional fraud categories (up to 15 total) as needed.

Section VII: Exclusivity arrangements and routing procedures

For the questions in panels VII.A. – VII.F., place an “X” in the box associated with your organization’s response. Briefly provide any necessary elaboration in the text boxes on the form.