

**OMB Supporting Statement Part B for the Interchange Transaction Fees Surveys
(FR 3062; OMB No. 7100-new)**

The Board of Governors of the Federal Reserve System (the Board), requests approval from the Office of Management and Budget (OMB) to conduct the new Interchange Transaction Fees Surveys (FR 3062; OMB No. 7100-new) under the emergency clearance provisions of Office of Management and Budget's (OMB's) regulations. This survey is necessary in order to implement Section 920 of the Electronic Fund Transfer Act (EFTA), as added by Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).¹ The FR 3062 will employ a combination of qualitative and quantitative analysis based on actual data.

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample.** For the Issuer Survey, the Board estimates that there are 128 issuer-organizations (i.e., those organizations that issue cards or have affiliates that issue cards) that, together with affiliates, have assets of \$10 billion or more. This estimate includes bank and thrift holding companies; independent commercial banks, thrifts, and credit unions; and FDIC-insured U.S. branches and agencies of foreign banking organizations not held by a depository institution headquartered in the United States. The number of issuers was estimated using data from the Federal Financial Institutions Examination Council's (FFIEC's) National Information Center structure database, the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128), the Consolidated Reports of Condition and Income (Call Reports) for independent commercial banks (FFIEC 031 & 041; OMB No. 7100-0036) and for U.S. branches and agencies of foreign banks not held by a U.S.-headquartered depository institution (FFIEC 002; OMB No. 7100-0032), the Thrift Financial Reports (OTS 1313; OMB No. 1550-0023) for Thrift Holding Companies and thrift institutions, and the Credit Union Reports of Condition and Income (NCUA 5300/5300S; OMB No. 3133-0004) for credit unions. An organization with affiliates that issues cards would submit one response that consolidates the information for each of its affiliated issuers.

For the Network Survey, information would be collected from payment card networks (PCNs) that process electronic debit transactions. The Board estimates that there are 15 such networks.²

- 2. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.** This information collection is mandatory, thus the expected response rate is 100 percent. This information collection is necessary for the Board to issue rules required by the Dodd-Frank Act. Respondents are required to complete all survey sections: (1) the costs

¹ Pub. L. 111-203, § 1075, 124 Stat. 1376 (2010).

² This estimate is based on payment card networks known to process electronic debit transactions.

associated with electronic debit card transactions, (2) fraud prevention and losses, and (3) interchange fees and other network fees.

3. Describe the procedures for the collection of information including:

- **Statistical methodology for stratification and sample selection** – No statistical methodology was employed for this information collection. Panel selection was based on institutions that meet the criteria for reporting set out in the Dodd-Frank Act. For the Issuer Survey, the respondents are those institutions that file reports identified in question 1 of this document. For the Network Survey, the respondents are the known PCNs.
- **Estimation procedure** – No sampling is being employed because the universe of respondents is required to respond.
- **Degree of accuracy needed for the purpose described in the justification** – The degree of accuracy does not apply because the surveys are mandatory for the entire universe.
- **Unusual problems requiring specialized sampling procedures** – The Board does not foresee any unusual problems that would require specialized sampling procedures.
- **Any use of periodic (less frequent than annual) data collection cycles to reduce burden** – This is a one-time information collection that will be used to help facilitate the drafting of a rulemaking. Currently, there is no other source for the information needed. For subsequent iterations of the surveys, that will provide data for the reports to the Congress, a new submission will be made to OMB.

4. Describe methods to maximize response rates and to deal with issues of non-response.

This information collection is mandatory, non-response is not an option. **The accuracy and reliability of information collected must be shown to be adequate for intended uses.**

This information collection was designed to closely follow the requirements needed to issue rules as stipulated by the Dodd-Frank Act. **For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.** This information collection is being required of the full universe and is not based a sample.

- 5. Describe any tests of procedures or methods to be undertaken.** The Board distributed draft surveys to several (less than 9) outside parties that included issuers and PCNs, merchant acquirers/processors, merchants and their respective trade associations, and consumer organizations. In obtaining input from the outside parties, the Board did not ask identical questions to each party. Rather, the Board organized drop-in calls through which the parties viewing the survey could provide specific comments and provided interested parties with the option of submitting written comments. The commenters provided both substantive and technical comments. The most significant substantive comment incorporated into the final survey instrument relates to historic information. Many commenters suggested that the Board request historical information related to interchange fees, network exclusivity and routing restrictions. Additionally, issuers and networks suggested that the Board request information on more categories of costs than initially proposed. Accordingly, as discussed

above, the surveys would ask for information for years prior to 2009. Summaries of substantive contact between the Board and the public are in the public file.

6. **Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.** The Board did not consult with outside agencies in developing the survey. This information collection will be administered by the Board of Governors of the Federal Reserve System's Division of Reserve Bank Operations and Payment Systems: Contact – Jennifer Davidson, 202-452-2446.