

**Supporting Statement for the  
Retail Payments Surveys  
(FR 3066a, b, c, and d; OMB No. 7100-0351)**

**Summary**

The Board of Governors of the Federal Reserve System (the Board), under delegated authority from the Office of Management and Budget (OMB), proposes to implement the following Retail Payments Surveys:

- the Depository and Financial Institution Payments Survey (FR 3066a),
- the Network, Processor, and Issuer Payments Surveys (FR 3066b),
- the Check Sample Survey (FR 3066c), and
- the Retail Payments Survey Supplement (FR 3066d).

The FR 3066a, FR 3066b, and FR 3066c would be triennial surveys. The FR 3066d would be conducted annually or on occasion. These surveys would be designed to collect information needed to support the Federal Reserve System's (FRS) role in the retail payments system.<sup>1</sup>

The Board proposes to conduct these surveys in partnership with the Reserve Banks' Retail Payment Office (RPO), operated by the Reserve Bank of Atlanta. These surveys would be the latest iteration in a series of surveys of depository institutions, payments networks, processors, and issuers, collectively called the Federal Reserve Payments Study (FRPS) that were conducted at 3-year intervals by the RPO from 2001 to 2010.<sup>2</sup>

The FR 3066a and the FR 3066b would collect information on the national volume (number and value) of major categories and subcategories of established and emerging methods of noncash payment from a nationally representative, stratified random sample of depository institutions, and from a census of payments networks, processors, and issuers. These two surveys would also collect information on trends in different business arrangements and technologies connected with the initiation, authorization, collection, and processing of retail payments. In addition, the FR 3066a would collect the volumes of bank customers' cash withdrawals and deposits at retail branches, wholesale vaults, and Automated Teller Machines (ATMs), and the FR 3066b would collect information on cash substitution, such as the distribution of low-value purchases made with noncash instruments and the loading of cash onto

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<sup>1</sup> The Federal Reserve plays a vital role in the U.S. payments system, fostering its safety and efficiency, and providing a variety of financial services to depository institutions. The Federal Reserve is involved with both retail and wholesale payments. Retail payments are generally for relatively small-dollar amounts and often involve a depository institution's retail clients—individuals, businesses, and governments. The Reserve Banks' retail services include distributing currency and coin, collecting checks, and electronically transferring funds through the automated clearinghouse system. By contrast, wholesale payments are generally for large dollar amounts, and often involve a depository institution's large corporate customers or counterparties, including other financial institutions.

<sup>2</sup> The FR 3066a and the FR 3066b would be designed to be compatible with and a continuation of past triennial surveys on the retail payments system conducted by RPO (with Board staff assistance) in 2001, 2004, 2007, and 2010. The timing of the surveys would follow the same pattern as in past surveys; the reference period for the FR 3066a would be March 2013, and the reference period for the FR 3066b would be January through December 2012. Data from both surveys would be used to create aggregate estimates for 2012. Reports on past surveys are available at [http://frbervices.org/communications/payment\\_system\\_research.htm](http://frbervices.org/communications/payment_system_research.htm). The Board has published three Federal Reserve Bulletin articles on the studies as well: in August 2002 ([http://www.federalreserve.gov/pubs/bulletin/2002/0802\\_2nd.pdf](http://www.federalreserve.gov/pubs/bulletin/2002/0802_2nd.pdf)), Spring 2005 ([http://www.federalreserve.gov/pubs/bulletin/2005/spring05\\_payment.pdf](http://www.federalreserve.gov/pubs/bulletin/2005/spring05_payment.pdf)), and October 2008 (<http://www.federalreserve.gov/pubs/bulletin/2008/pdf/payments08.pdf>).

other payment instruments.

The FR 3066c would collect data from samples of individual checks obtained from a sample of depository institutions.<sup>3</sup> The FR 3066d would collect payment volumes similar to those collected in the FR 3066a or the FR 3066b to obtain information about volumes and changes in volumes that may occur in the two years between triennial surveys from a subset of respondents.

The total annual paperwork burden for the FR 3066a, FR 3066b, FR 3066c, and FR 3066d is estimated to be 50,890 hours.

### **Background and Justification**

The Board oversees the Federal Reserve Banks' provision of financial services to depository institutions; develops policies and regulations to foster the efficiency and integrity of the U.S. payments system; works with other federal agencies on payments issues of joint responsibility; works with other central banks and international organizations, such as the Committee for Payment and Settlement Systems at the Bank for International Settlements, to collect information on and improve the payments system more broadly; and conducts research on payments issues.

The Reserve Banks provide interbank retail payment services to depository institutions, and have a role in fostering the efficiency and integrity of the payments system. In particular, the RPO operates the Reserve Banks' check processing and automated clearinghouse (ACH) services. Therefore, the RPO needs accurate information on trends in the retail payments system to fulfill its operational responsibilities.

The FR 3066a, FR 3066b, and FR 3066c would be the latest iteration of the FRPS, which has been conducted by the RPO since 2000. The FRPS originated from a system-wide effort to improve the measurement and public availability of information on volumes and trends in checks and other noncash payments. Despite the retail payments system's critical importance in supporting everyday commerce, there was a significant gap in quantitative information on U.S. retail payments before 2000. The FRPS filled this gap by providing a reliable and transparent voluntary survey-based approach to collecting payments industry data on retail payment volumes and trends. As the noncash payments system has continued to grow larger and more complex and as policymakers, the industry, and the public face more choices related to the retail payments system, the Board and the RPO believe that the data collected under the FR 3066 surveys would play a crucial role in objectively maintaining and updating quantitative information on the U.S. retail payments system and should be continued in 2013. The Federal Reserve System's role as a trusted leader in payments processing, its essential role in policymaking, and the successful record of the data collected under the FRPS uniquely positions the Federal Reserve to collect these data in 2013.

The Board and the RPO would use data collected from the FR 3066a and FR 3066b to

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<sup>3</sup> This survey would be similar to the Check Sample Studies, part of the FRPS, conducted by the RPO in 2001, 2007, and 2010. As with past studies, copies of checks or any information that would identify payers or payees on the checks would not be retained or used for any purpose other than estimating the aggregate proportions of different types of checks.

estimate aggregate totals and trends in (1) the number and value of various types of payment and withdrawal transactions processed by financial institutions that hold transaction deposit, prepaid card program, or credit card accounts domiciled in the United States; (2) the number and value of various types of payments that are facilitated by payment networks, payment processors, and payment instrument issuers within the United States; (3) inter- and intra-bank volumes; (4) the usage of different types of prepaid cards; (5) transaction volumes of emerging payment methods; and (6) relevant non-transactional volumes, such as the number of accounts, number of payment cards outstanding, volumes of returned checks, and volumes of third-party payment fraud. Data from these two surveys would also be used to estimate volumes and trends in cash usage, which are connected to noncash payment trends, the cash issuance responsibilities of the Board, and the cash distribution responsibilities of the Reserve Banks. The information about checks collected from the FR 3066c would be used to estimate the distribution of checks among broad categories of payers, payees, and purposes. These data would help identify what types of check payments are declining as well as remaining opportunities for the replacement of checks with other payment instruments. The FR 3066d survey would likely be used to obtain timely annual data on certain established and emerging payment instruments collected in the FR 3066a and FR 3066b, such as credit card and mobile payment volumes.

The triennial FR 3066a, FR 3066b, and FR 3066c would provide the information necessary to update and maintain core data on broad trends in the retail payments system. The FR 3066d would supplement the core data on aggregate volumes and allow the Federal Reserve flexibility to obtain timely information about developments in the retail payments system that may emerge between the triennial surveys. These data to be collected in the FR 3066 surveys, from a defined set of depository and financial institutions, payment networks, payment issuers, and processors, are not available from any other source.

## **Description of Information Collection**

### **Depository and Financial Institution Payments Survey (FR 3066a)**

The survey reference period (the time period for which respondents would report data) is proposed to be March 2013. Past FRPS surveys used a reference period of March and April, and data were reported separately for each month.<sup>4</sup>

The FR 3066a would comprise 10 sections (respondents would only answer sections that apply to their institutions):

- 1. Institution Profile:** Respondents would verify which affiliates are associated with their survey responses and provide corrections.
- 2. Customer Accounts:** Respondents would report the number of and value of customers' deposits in transaction accounts, funds in prepaid card program accounts, and balances in credit card accounts broken out into subcategories. Transaction deposit accounts would be broken out into subcategories of consumer accounts and business/government accounts; prepaid card program accounts would be broken out into subcategories of

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<sup>4</sup> The *Federal Register* notice requested comment on whether reporting for March 2013 or another survey reference period is more feasible and/or useful, such as reporting data for the months of March and April 2013 combined.

customer accounts managed by the respondents' institutions and customer accounts managed by third parties; and credit card accounts would be broken out into subcategories of consumer accounts and business/government accounts. Respondents would also report the number of outstanding and active (during Q1 2013) payment cards associated with these accounts.<sup>5</sup>

### 3. Checks:

- a. **Check Payments:** Respondents would report the number and value of checks drawn on their institutions by subcategories needed to identify interbank checks and avoid double-counting correspondent volumes.
- b. **Check Deposits:** Respondents would report the number and value of deposited checks, including the number and value of paper check deposits and image check deposits broken out into consumer client image capture, business customer client image capture, and correspondent checks. For image deposits, the section would also obtain information on the types of customer check image deposits accepted, including whether respondents' institutions accepted image deposits from customers using a remote scanner attached to a PC or point-of-sale device, smartphone or other mobile device, or ATM image capture (envelope-free deposits).<sup>6</sup>
- c. **Outgoing Check Returns:** Respondents would report the number and value of outgoing returned checks.

### 4. ACH:<sup>7</sup>

- a. **Network ACH Entries:** Respondents would report the number and value of interbank ACH credits originated and ACH debits received through network operators, including the number and value of "offset entries."
- b. **Direct Exchange ACH Entries:** Respondents would report the number and value of interbank ACH credits originated and debits received directly from other institutions rather than through network operators.
- c. **In-House On-Us ACH Entries:** Respondents would report the number and value of in-house on-us credits originated and debits received by their institutions, including the number and value of "offset entries."

### 5. Wire Transfers: Respondents would report the number and value of wire transfers originated for nonbank customers (a type of retail payment), including the number and

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<sup>5</sup> The *Federal Register* notice requested comment on: 1) how institutions refer to "full service" transaction deposit accounts (e.g. checking accounts, debit card accounts, etc.) to distinguish them from prepaid card accounts; 2) whether prepaid card-issuing depository institutions can reliably measure the number of end-user prepaid card accounts and prepaid cards outstanding for prepaid card programs managed by third parties; 3) whether it is more feasible and/or useful to ask for number of active cards outstanding or number of accounts with recent card activity for credit card, debit card, and prepaid card accounts; and 4) the most feasible and/or useful time period over which a payment card account should have payment or transaction activity to be considered active as well as what kinds of transactions, if any, should not be counted toward activity.

<sup>6</sup> The *Federal Register* notice requested comment on whether institutions are able to report customer check image deposit volumes (number and value) into the categories listed above, or if a different type of categorization would be more feasible and/or useful.

<sup>7</sup> The *Federal Register* notice requested comment on whether, similar to section 3.a Check Payments, including a breakout of ACH volumes (number and value) into subcategories needed to identify interbank ACH payments would help to avoid double-counting correspondent ACH volumes.

value of consumer and business/government wire transfers and the number and value of wire transfers to U.S. and foreign payees.<sup>8</sup>

6. **Debit and Prepaid Cards:** Respondents would report the number and value of debit and prepaid card transactions for cards issued by their institutions, including the number and value of signature and PIN transactions, the number and value of debit card transactions from transaction deposit accounts, and the number and value of prepaid card transactions. Respondents would also report the number and value of cash back transactions.
7. **Credit Cards:** Respondents would report the number and value of total credit card transactions for cards issued by their institutions, including the number and value of consumer and business/government credit card transactions and the number and value of cash advances.
8. **Cash:**
  - a. **Cash Withdrawals:** Respondents would report the number and value of cash withdrawals at branch locations, wholesale vaults, and ATMs, including the number and value of cash withdrawals at ATMs from transaction deposit accounts and prepaid card program accounts.<sup>9</sup>
  - b. **Cash Deposits:** Respondents would report the number and value of cash deposits at branch locations, wholesale vaults, and ATMs.
  - c. **ATM Terminals:** Respondents would report the number of ATM terminals owned and sponsored by their institutions, including the number of ATM terminals at branch locations and offsite.<sup>10</sup>
9. **Selected Payment Initiation Channels:** Respondents would report the number and value of online payments and mobile payments, including the number and value of relevant bill pay transactions and person-to-person transfers.<sup>11</sup>
10. **Third-Party Payment Fraud:** Respondents would report the number and value of unauthorized check payments, unauthorized ACH credits and debits, unauthorized debit and prepaid card transactions, unauthorized credit card transactions, and unauthorized ATM cash withdrawals.<sup>12</sup>

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<sup>8</sup> The *Federal Register* notice requested comment on whether institutions can separate wire transfer origination volumes (number and value) by consumer and business/government customers, and whether institutions can separate wire transfer origination volumes (number and value) between domestic and foreign wire transfers.

<sup>9</sup> The *Federal Register* notice requested comment on whether institutions can report cash withdrawals separated by the access method categories listed above (e.g. over-the-counter, ATM, etc.), or whether another method of categorization would be more feasible and/or useful.

<sup>10</sup> The Board believes that ATM networks require non-depository institution ATM owners to obtain sponsorship from depository institutions, and that networks view these transactions as belonging to the sponsoring institutions. The *Federal Register* notice requested comment on whether any non-depository institution ATM owners are able to directly connect through ATM networks or if they all require depository institution sponsorship and whether institutions can report non-branded ATM terminals that they sponsor.

<sup>11</sup> The *Federal Register* notice requested comment on how institutions define an “online person-to-person funds transfer system” and whether institutions can separately track payments initiated via mobile devices and distinguish mobile payments from other payments from the same accounts.

## **Network, Processor, and Issuer Payments Surveys (FR 3066b)**

The FR 3066b would cover seven categories of payment instruments, and comprise 16 different surveys, each specific to a particular payment instrument and/or respondent type (respondents would only answer surveys that apply to their organizations):

- 1. General-Purpose Credit Card Network Survey:** Networks would report the number and value of general-purpose credit card transactions in 2012, including the number and value of credit card and charge card transactions, the number and value of transactions by payment initiation and authorization method, the number and value of consumer and business/government transactions, the number and value of transactions with U.S. payees and payees outside the U.S., and the number and value of transactions by transaction value. Respondents would also report the number of credit and charge cards outstanding and the total number and value of general-purpose credit card transactions in 2010 and 2011.<sup>13</sup>
- 2. Private-Label Credit Card Retail Merchant Issuer Survey:** Retail merchant issuers would report the number and value of private-label credit card transactions in 2012, including the number and value of transactions by payment initiation method, the number and value of consumer and business/government transactions, and the number and value of transactions broken out by transaction dollar amount. Respondents would also report the number of private-label cards outstanding as of December 31, 2012, and the total number and value of private-label credit card transactions in 2010 and 2011. Retail merchant issuers would only report on transactions that they processed in-house so that transactions with outsourced processing are not double-counted in the Processor Survey.<sup>14</sup>
- 3. Private-Label Credit Card Processor Survey:** Processors would report the number and value of private-label credit card transactions in 2012, including the number and value of transactions by payment initiation method, the number and value of consumer and business/government transactions, and the number and value of transactions broken out by transaction dollar amount. Respondents would also report the number of private-label cards outstanding as of December 31, 2012, and the total number and value of private-

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<sup>12</sup> The *Federal Register* notice requested comment on whether institutions can report information on unauthorized transactions, as defined, or whether another definition of third-party fraud would be more feasible and/or useful to report.

<sup>13</sup> The *Federal Register* notice requested comment on: 1) whether networks can report cash advances received in physical cash form as a subset of total cash advances (*Total cash advances include not only physical cash advances but also other funds transfers such as an electronic transfer to a transaction deposit account or a payment made with credit account funds using a special check issued to the cardholder*); 2) what terms the industry most commonly uses for initiation methods such as *near field communication* (NFC), near-field radio-frequency identification (RFID), the Europay, MasterCard and Visa standard (EMV), and other chip technologies; what terms the industry uses for authorization methods that use dynamic data generated by a card or a network-sponsored online verification system; and which initiation and authorization methods are feasible and/or useful to report; 3) whether networks can distinguish between payments to domestic and foreign payees; and 4) the most feasible and/or useful time period over which a general-purpose credit card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

<sup>14</sup> The *Federal Register* notice requested comment on the most feasible and/or useful time period over which a private-label credit card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

label credit card transactions in 2010 and 2011.<sup>15</sup>

**4. Debit Card and General-Use Prepaid Card Network Surveys<sup>16</sup>:**

- a. Debit Card Network Survey:** Networks would report the number and value of debit card transactions in 2012, including the number and value of transactions by payment initiation and authorization method, the number and value of consumer and business/government transactions, the number and value of transactions with U.S. payees and payees outside the U.S., and the number and value of transactions broken out by transaction dollar amount. If a network could not report general-use prepaid card transactions separately from debit card transactions, the network would report both debit card and general-use prepaid card transactions on this survey.
- b. General-Use Prepaid Card Network Survey:** Networks would report the number and value of general-use prepaid card transactions in 2012, including the number and value of transactions by payment initiation and authorization method, the number and value of transactions with U.S. payees and payees outside the U.S., the number and value of transactions broken out by transaction dollar amount, the number and value of chargebacks that include chip technology, a count of the number of cards outstanding that have chip technology, a count of physical cash back from ATMs and bank tellers. A network would only complete this survey if it could report debit card transactions and general-use prepaid card transactions separately.<sup>17</sup>

**5. General-Use Prepaid Card Processor Survey:** Processors would report the number and value of general-use prepaid card transactions in 2012, including the number and value of transactions by payment initiation method, the number and value of transactions with U.S. payees and payees outside the U.S., the number and value of transactions by prepaid card type, and the number and value of transactions broken out by transaction dollar amount. Respondents would also report the number and value of credits and loads to general-use prepaid cards in 2012 and the number of general-use prepaid cards outstanding as of December 31, 2012.<sup>18</sup>

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<sup>15</sup> The *Federal Register* notice requested comment on the most feasible and/or useful time period over which a private-label card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

<sup>16</sup> The *Federal Register* notice requested comment on: 1) what terms the industry most commonly uses for initiation methods such as NFC, near-field RFID, EMV, and other chip technologies; 2) what terms the industry uses for authorization methods that use dynamic data generated by a card or a network-sponsored online verification system; and 3) which initiation and authorization methods are most feasible and/or useful to report. The *Federal Register* notice also requested comment on whether networks can distinguish between payments to domestic and foreign payees.

<sup>17</sup> The *Federal Register* notice requested comment on how prepaid cards should be defined in order to develop a consistent definition among responses provided by networks and processors.

<sup>18</sup> The *Federal Register* notice requested comment on: 1) the categories (e.g. gift, customer incentive, etc.) by which processors can separate prepaid card volumes and which categories are most significant; 2) whether processors can categorize deposits into prepaid card accounts (loads) by the payment instrument or method used to provide the funds; and 3) the most feasible and/or useful time period over which a private-label prepaid card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

6. **Private-Label Prepaid Card Issuer and Processor Survey:** Processors would report the number and value of private-label prepaid card transactions in 2012, including the number and value of transactions by payment initiation method, the number and value of transactions by prepaid card type, and the number, value of transactions by transaction value, procurement and fleet card accounts under private-label credit card, PINless debit, and direct send/ consolidator (i.e., Fiserv/CheckFree). Respondents would also report the number and value of credits and loads to private-label prepaid cards in 2012, the number and value of cash withdrawals from private-label prepaid card accounts in 2012, the number of general-use prepaid cards outstanding as of December 31, 2012, and the total number and value of private-label prepaid card transactions in 2010 and 2011.<sup>19</sup>
7. **Emerging Payments Processor Surveys**<sup>20</sup>:
  - a. **P2P & Money Transfer Processor Survey:** Processors would report the number and value of person-to-person (P2P) and money transfer transactions in 2012, including the number and value of transactions with U.S. payees and payees outside the U.S., the number and value of transactions by transaction value, the number and value of transactions by clearing system, and the number and value of transactions by origination channel.<sup>21</sup>
  - b. **Online Bill Payment Processor Survey:** Processors would report the number and value of bank/intermediary and biller direct online bill payment transactions in 2012, including the number and value of transactions by transaction value, the number and value of bank/intermediary online bill payment transactions by settlement system.
  - c. **Walk-In Bill Payment Processor Survey:** Processors would report the number and value of walk-in bill payment transactions in 2012, including the number and value of transactions by transaction value and the number and value of transactions by settlement system. Respondents would also report on the funding method for walk-in bill payment transactions.<sup>22</sup>
  - d. **Deferred Payment Processor Survey:** Processors would report the number and value of deferred payment transactions in 2012, including the number and value of transactions by transaction value and the number and value of transactions by merchant settlement system. Respondents would also report on the funding method for deferred payment transactions.<sup>23</sup>
  - e. **Private-Label ACH Debit Card Processor Survey:** Processors would report the

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<sup>19</sup> The *Federal Register* notice requested comment on: 1) the categories (e.g. gift, customer incentive, etc.) by which processors can separate prepaid card volumes and which categories are most significant; 2) whether processors can categorize deposits into prepaid card accounts (loads) by the payment instrument or method used to provide the funds; and 3) the most feasible and/or useful time period over which a private-label prepaid card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

<sup>20</sup> The *Federal Register* notice requested comment on whether there are additional emerging payments that should be measured in the survey.

<sup>21</sup> The *Federal Register* notice requested comment on whether networks can distinguish between payments to domestic and foreign payees and whether processors are able to report payments by initiation channel (website, mobile, in-person, etc.).

<sup>22</sup> The *Federal Register* notice requested comment on whether processors are able to categorize by the payment instrument or method used to fund bill payment transactions.

<sup>23</sup> The *Federal Register* notice requested comment on whether processors are able to categorize by the payment instrument or method used to fund transactions.



number and value of private-label ACH debit card transactions in 2012, including the number and value of transactions by transaction value and the number and value of transactions by merchant settlement system. Respondents would also report on the number of private-label ACH debit cards outstanding as of December 31, 2012.<sup>24</sup>

- f. Far-Field RFID Payment Processor Survey:** Processors would report the number and value of far-field radio-frequency identification (RFID) transactions in 2012, including the number and value of transactions by transaction value. These payments typically involve a vehicle-mounted transmitter used to automatically pay at toll booths at bridges and roads. Respondents would also report on the funding method for far-field RFID transactions.<sup>25</sup>
- g. Secure Online Payment Processor Survey:** Processors would report the number and value of secure online payment transactions in 2012, including the number and value of transactions by transaction value.
- h. eCommerce PIN Debit Payment Processor Survey:** Processors would report the number and value of eCommerce PIN debit payment transactions in 2012, including the number and value of transactions by transaction value.
- i. Mobile Wallet Processor Survey:** Processors would report the number and value of mobile wallet transactions in 2012, including the number and value of transactions by transaction value.<sup>26</sup>

### **Check Sample Survey (FR 3066c)**

The FR 3066c would conduct a survey that in past FRPS surveys was referred to as the Check Sample Study (CSS). This survey would collect data on individual checks paid in 2012. Versions of the CSS were conducted in three out of four FRPS, including the first and last. The survey instrument design could be modified slightly, but is expected to be very similar to the instrument used in 2010. More importantly, the data collection method may be revised based on proposals received through a competitive bidding process. Past approaches included the collection of individual check information on multiple survey forms provided by a stratified sample of about 150 depository institutions and the use of survey forms by personnel employed by a contractor using images retrieved from a single institution that aggregated data from about 11 very large institutions. The decision on what approach to use for this survey will be based on an evaluation of the proposals received. Depository institutions would not be asked to complete the survey instrument.<sup>27</sup>

### **Retail Payments Survey Supplement (FR 3066d)**

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<sup>24</sup> The *Federal Register* notice requested comment on the most feasible and/or useful time period over which a private-label ACH debit card account should have payment or transaction activity to be considered active, as well as what kinds of transactions, if any, should not be counted toward activity.

<sup>25</sup> The *Federal Register* notice requested comment on whether processors are able to categorize by the payment instrument or method used to fund accounts and transactions.

<sup>26</sup> The *Federal Register* notice requested comment on which entities should receive the Mobile Wallet Processor Survey and what range of products should be included.

<sup>27</sup> The *Federal Register* notice requested comment on the most effective methods of selecting a random sample of check images from within depository institutions and the most valuable and feasible information to collect from the checks.

The FR 3066d data may be collected from networks, processors, and issuers in order to update the volume of major electronic payment instruments such as credit cards and prepaid cards, and emerging payment instruments. The surveys may include parts of the FR 3066a and b, or may involve new sections if new payment system developments emerge.

### **Frequency**

The Federal Reserve proposes to collect the FR 3066a, b, and c data triennially. The FR 3066d survey may be conducted annually or on occasion (not to exceed one time per year) depending on data needs, timeliness, cost, and burden on respondents.

### **Time Schedule for Information Collection and Publication**

In general, the FR3066a, b, and c surveys would be distributed in Q1 2013, and data collection would take place through Q3 2013. The summary report would be released to the public in Q4 2013, and a detailed report would be released Q2 2014. Aggregate estimates may be cited in published material such as RPO press releases or reports posted on the frbsecurities.org website, industry conference presentations, Federal Reserve studies or working papers, professional journals, the *Federal Reserve Bulletin*, testimony and reports to the Congress, or other vehicles.

### **Legal Status**

The Board's Legal Division has determined that the voluntary FR 3066 series is broadly authorized under sections 2A and 12A of the Federal Reserve Act. Section 2A requires that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee (FOMC) maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates (12 U.S.C. § 225a). In addition, under section 12A of the Federal Reserve Act, the FOMC is required to implement regulations relating to the open market operations conducted by Federal Reserve Banks with a view to accommodating commerce and business and with regard to the regulations' bearing upon the general credit situation of the country (12 U.S.C. § 263). The authority of the Federal Reserve to collect economic data to carry out the requirements of these provisions is implicit. Accordingly, the Federal Reserve is generally authorized to collect the information called for by the FR 3066 series by sections 2A and 12A of the Federal Reserve Act.

In addition, the Board is responsible for implementing and drafting regulations, interpretations, and other guidance for various payments, consumer protection, and other laws (including provisions of the Federal Reserve Act other than those cited above). The information obtained from the Retail Payments Surveys may be used in support of the Board's development and implementation of regulations, interpretations, and supervisory guidance for these laws. Therefore, the survey questions in the FR 3066 are authorized pursuant to the Board's authority under one or more of the following statutes:

- Expedited Funds Availability Act § 609 (12 U.S.C. § 4008)
- Electronic Fund Transfer Act § 904 (15 U.S.C. § 1693b) and § 920 (15 U.S.C. § 1693o-2)

- Truth In Lending Act § 105 (15 U.S.C. § 1604)
- The Check Clearing for the 21<sup>st</sup> Century Act § 15 (12 U.S.C. § 5014)
- Federal Reserve Act § 11 (Examinations and reports, Supervision over Reserve Banks, and Federal Reserve Note provisions, 12 U.S.C. § 248); § 11A (Pricing of Services, 12 U.S.C. § 248a); § 13 (FRB deposits and collections, 12 U.S.C. § 342); and §16 (Issuance of Federal Reserve Notes, par clearance, and FRB clearinghouse, 12 U.S.C. §§ 248-1, 360, and 411)

Additionally, depending upon the survey respondent, the information collection may be authorized under a more specific statute. Specifically, the Board is authorized to collect information from state member banks under section 9 of the Federal Reserve Act (12 U.S.C. § 324); from bank holding companies (and their subsidiaries) under section 5(c) of the Bank Holding Company Act (12 U.S.C. § 1844(c)); from savings and loan holding companies under (12 U.S.C. §§ 1467a(b)(3) and 5412), from Edge and agreement corporations under sections 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 602 and 625); and from U.S. branches and agencies of foreign banks under section 7(c)(2) of the International Banking Act of 1978 (12 U.S.C. § 3105(c)(2)), and under section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. § 1817(a)).

Respondents to the various surveys are requested to report confidential business information, such as information requested in the FR 3066a (for depository and financial institutions) about the number and value of deposits in various customer account types, image check deposits, paper check deposits, ACH entries, wire transfers, debit and prepaid card transactions, credit card transactions, mobile payments, and transactions involving third-party fraud. The other surveys request similar types of confidential “number and value” information appropriate to the surveyed entities. For example, the Network, Processor, and Issuer Payments Surveys (FR 3066b) request the number, value, and type of transactions involving credit cards (both general-purpose and private-label), debit cards, and prepaid cards from respondents (card networks, card processors, and retail merchants). Only aggregate totals from the surveys, such as estimated national volumes and trends in different types and categories of payments, check distribution, and established and emerging payment instruments, are proposed to be publicly released.

Under exemption 4 of the Freedom of Information Act (“FOIA”), 5 U.S.C. § 552(b)(4), “trade secrets and commercial or financial information obtained from a person and privileged or confidential” may be excluded from disclosure. The confidential business information collected voluntarily from individual respondents may be withheld, as release of such information would impair the Board’s ability to collect such information in the future. Moreover, disclosure of such confidential business information could cause substantial competitive harm to the survey respondents. *See National Parks & Conservation Ass’n v. Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974).

### **Consultation Outside of the Agency**

At this time, there has been no consultation outside the Federal Reserve System; however, surveys and studies could be conducted jointly with other agencies. If this were to occur, the Federal Reserve would consult with other agencies, to the extent practicable, to create

a consistent set of questions or a substantively similar information collection. The Federal Reserve knows of no agency currently conducting or planning to conduct such surveys.

On September 6, 2012, the Federal Reserve published a notice in the *Federal Register* (77 FR 54912) requesting public comment for 60 days on the implementation of the Retail Payment Surveys. The comment period for this notice expired on November 5, 2012. The Federal Reserve received 4 comment letters; however, no comments specifically addressed the FR 3066 paperwork burden estimates. On December 13, 2012, the Federal Reserve published a final notice in the *Federal Register* (77 FR 74187) on the FR 3066, that includes a detailed discussion of the comments received.

### **Estimate of Respondent Burden**

The Federal Reserve estimates response rates similar to the previous FRPS voluntary surveys: about 50 percent for the FR 3066a, up to 95 percent for the FR 3066b, and 50 percent or more for the FR 3066c. The estimated amount of time each respondent would spend preparing for and responding to the surveys is 35 hours for the FR 3066a, 8 hours for the FR 3066b, 3 hours for the FR 3066c, and 8 hours for the FR 3066d.

The total annual paperwork burden for the FR 3066a, FR 3066b, FR 3066c, and FR 3066d is estimated to be 50,890 hours, as shown in the following table. The FR 3066 surveys represent less than 1 percent of total Federal Reserve System paperwork burden.

<i>Survey</i>	<i>Estimated number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average burden hours per response</i>	<i>Estimated total annual burden hours</i>
FR 3066a	1,400	1	35	49,000
FR 3066b	130	1	8	1,040
FR 3066c	150	1	3	450
FR 3066d	<u>50</u>	1	8	<u>400</u>
<i>Total</i>	1,730			50,890

The total annual reporting cost to the public for these surveys is estimated to be \$2,282,417.<sup>28</sup>

### **Estimated Cost to the Federal Reserve System**

The cost to the Federal Reserve System is estimated to be between \$2.5 and \$2.8 million.

### **Sensitive Questions**

These collections of information would contain no questions of a sensitive nature, as defined by OMB guidelines (e.g., ethnicity, sexual relationships, etc.).<sup>29</sup>

<sup>28</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rate (30% Office & Administrative Support @ \$17, 45% Financial Managers @ \$52, 15% Legal Counsel @ \$55, and 10% Chief Executives @ \$81). Hourly rate for each occupational group are the median hourly wages (rounded up) from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages 2011, [www.bls.gov/news.release/ocwage.nr0.htm](http://www.bls.gov/news.release/ocwage.nr0.htm) Occupations are defined using the BLS Occupational Classification System, [www.bls.gov/soc/](http://www.bls.gov/soc/)

<sup>29</sup> Guidance on Agency Survey and Statistical Information Collections, January 20, 2006.