

**Supporting Statement for the  
Federal Reserve Payments Study  
(FR 3066a and FR 3066b; OMB No. 7100-0351)**

**Summary**

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Federal Reserve Payments Study (OMB No. 7100-0351). The Federal Reserve Payments Study comprises the following surveys:

- Depository and Financial Institutions Payments Survey (FR 3066a)
- Networks, Processors, and Issuers Payments Surveys (FR 3066b)
- Check Sample Survey (FR 3066c)
- Retail Payments Survey Supplement (FR 3066d)

These surveys collect information from depository and financial institutions, general-purpose payment networks, third-party payment processors, issuers of private-label cards, and providers of various alternative payment initiation methods and systems and help to support the Federal Reserve System's (Federal Reserve's) role in the payments system.<sup>1</sup> The FR 3066a and FR 3066b consist of a full set of surveys for 2019 and, following the pattern established in the previous three-year period, smaller versions of the surveys for 2020 and 2021. The reference period for each survey is the previous calendar year. The Federal Reserve Payments Study (FRPS) publishes aggregate estimates of payment volumes and related information derived from the surveys.

The adopted revisions to the survey questions reflect an increased focus on payments fraud and security concerns, adaptations to new developments in payments technology, feedback from responding institutions, and experience from analyzing the survey outcomes. Some questions have been added as a result, but more questions were removed, resulting in a net reduction in questions for 2019 compared with 2016.

The Board has discontinued the collection of check images from depository institutions via the Viewpointe archive (FR 3066c) that was used to support the Check Sample Study (CSS) in previous survey periods. Federal Reserve Bank of Atlanta (FRB Atlanta) may continue a version of the CSS using sampled information from their own check processing operations, an approach that started in 2015. The Board also discontinued the optional FR 3066d because its purpose is redundant with the Payments Research Survey (FR 3067; OMB No. 7100-0355).

The current estimated average total annual burden for the FR 3066 was 17,117 hours.<sup>2</sup> The adopted revisions result in a net decrease of 5,571 hours.

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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.

<sup>2</sup> The total annual burden on file with OMB is 48,300 hours. This figure does not accurately represent that the surveys done in 2017 and 2018 were significantly less burdensome than the main survey done in 2016. The *proposed* burden averages the burden across three years. To be able to compare the two figures accurately the current burden is shown here averaged across three years.

## **Background and Justification**

The FR 3066a and FR 3066b are part of the latest iteration of the FRPS, which has been a collaborative effort of the FRB Atlanta and the Board since 2000. The FRPS originated from a Federal Reserve System-wide effort to improve the measurement and public availability of information on volumes and trends in checks and other noncash payments. The FRPS filled a significant gap in quantitative information on U.S. noncash payments by providing a reliable and transparent non-mandatory approach to surveying payment institutions, constructing U.S. domestic total estimates from the survey data, and publishing them. Over the years, the focus of the surveys adapted to the substantial evolution and growth in emerging and innovative payment types, as well as the refreshed strategic direction of Federal Reserve Financial Services. The strategic direction includes a focus on meeting the evolving needs of payment system users for end-to-end payment speed, efficiency and security, while remaining true to a longstanding financial services mission to foster the integrity, efficiency and accessibility of the U.S. payment system. The Retail Payments Risk Forum at FRB Atlanta and the Payment System Studies section at the Board jointly conduct the study.

Surveys in previous years received robust industry support and participation, and the aggregate estimates produced from the survey data are widely cited in academic working papers, journal articles, and industry publications, reported in the media, and used by the public, industry, and policy makers as a quantitative aggregate benchmark on core payments activity in the United States. Due to the confidential nature of the information, only aggregate estimates can be published; response data received from the individual payment institutions are not disclosed to the public.

As the noncash payments system grows larger and more complex, the Board believes that the data collected under the FR 3066 surveys play a crucial role in objectively maintaining and updating quantitative information on the U.S. noncash payments system. Therefore, the Board supports the continuation of this data collection. The Federal Reserve's roles as a trusted leader in payments processing and in policymaking, and the successful record of the FRPS uniquely positions the Federal Reserve to collect these data.

## **Description of Information Collection**

The FR 3066a currently collects information on the volumes of major categories and subcategories of established and emerging methods of payment from a nationally representative stratified random sample of depository institutions. Starting in 2016, the Federal Reserve began using multiple, shorter versions of the survey to reduce the burden of participation. As a result, some smaller depository institutions receive shorter survey questionnaires with selected questions removed.<sup>3</sup> The FR 3066b currently comprises 17 different surveys, each specific to a particular payment instrument and/or respondent type (respondents only answer surveys that apply to their organizations). It collects information from all known payment networks, processors, and issuers. The information from checks collected in the FR 3066c provides

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<sup>3</sup> As in past efforts, modern statistical methods will be employed in the estimation process to compensate for differential treatment and patterns of unit and item nonresponse.

information on the distribution of checks among broad categories of payers, payees, and purposes.

Questions in the surveys consist primarily of quantitative total payment transaction volumes processed by key payment institutions in the form of number-value pairs, and require knowledgeable personnel to reference their confidential commercial and financial records. The surveys also request volume allocations involving the use of certain technologies in the payment process and on payments fraud volumes. The level of accounts and associated balances, numbers of cards, and other information are included to support understanding of the volumes. Some categorical questions, including Yes/No/Don't Know questions, are also included in the surveys to help clarify the meaning and content of the responses to volume questions. In some cases, an answer to a categorical question may ask whether a certain type of payment is offered by the respondent. A negative answer to such a question would necessarily imply zero volume.

The surveys cover the total number and value of all noncash payments estimated to have been made by U.S. consumers and businesses, including for-profit and not-for-profit enterprises, and federal, state, and local government agencies. Payments included in the surveys were initiated from accounts domiciled in the United States and typically involved the use of debit cards (including prepaid and non-prepaid cards), credit cards, electronic credit and debit transfers using the automated clearinghouse (ACH) system, wire transfers, or checks. Prepaid debit and credit card payments include payments made with both general-purpose cards issued by depository institutions and processed over card networks and private-label cards issued by merchants and processed over proprietary networks. Prepaid debit card payments also include electronic benefits transfer (EBT) payments used to disburse certain federal and state government benefits. The surveys also include volumes of emerging and innovative payment initiation services and payment methods.

The surveys do not collect the number and value of cash payments; however, they do collect information about card activities related to cash payments, such as automated teller machine (ATM) cash withdrawals or cash advances at the point of sale. The depository institution survey (FR 3066a) also collects information on other types of cash withdrawals and deposits at depository institutions such as over the counter or wholesale vaults.

Payments fraud involves the use of stolen credentials or the exploitation of a security vulnerability in the given payment network or system. The surveys also collect volumes of fraudulent payments made by an unauthorized third party, a person that the authorized user, such as an account holder or cardholder, has not approved. Additional allocations of payments and fraud by channel (such as in-person or remote), by processing technology, or authorization method employed are also included.

### **Respondent Panel**

The FR 3066 panel comprises depository and financial institutions, general-purpose payment networks, third-party payment processors, issuers of private-label cards, and providers of various alternative payment initiation methods and systems.

## Proposed Revisions

As authorized, the Board reduced the number of questions included in the 2017 and 2018 annual supplemental surveys.<sup>4</sup> They also included some revisions to questions within the scope of authorization for those surveys, which helped to inform some of the adopted revisions. The adopted revisions for the 2019 triennial survey in comparison to the 2016 triennial surveys are described below.

**FR 3066a.** This survey seeks to collect information on volumes of payments and related activities from depository institutions and general-purpose credit card issuers, including commercial banks, savings institutions, and credit unions, divided into sections corresponding to payment types as listed below. The survey is structured to collect volume totals across the enterprise, meaning either a separate survey for unaffiliated depository institutions or a combined survey for sets of affiliated depository institutions organized under a holding company. Surveys are organized to collect separate total volumes for sections divided by payment type, followed by allocations of totals within sections that provide information about volumes of various processing methods, technologies, and usage. The survey generally includes an allocation of the total of each type of section-level payment into consumer and business volumes. Other kinds of allocations vary by section.

The Board has made changes to categorical questions to provide clarity and to make them consistent with the adopted changes to volume questions. The Board will distribute questions currently in the unauthorized third-party fraud into their respective payment type sections. Revisions to the fraud questions are discussed separately at the end of this section.

A description of the adopted survey questionnaire employed for FR 3066a, and adopted revisions to the 2019 survey compared with the 2016 survey, is as follows:

- 1. Affiliates:** FR 3066a requests that survey participants report data at the holding company level for the entire enterprise, including all affiliate depository institutions, if applicable. To ensure accuracy, confirmation of these affiliates is requested. In the current survey, a simple listing of affiliated depository institutions is provided, and broad confirmation of its accuracy is requested. The Board adopted a revised version of the affiliates question, which would be included in a separate affiliates section. This revised question requests confirmation of whether or not the volumes in each section of the survey includes activity associated with the individual affiliated depository institutions. This more detailed information will accommodate occasional difficulties in providing complete information for some sections, and provide for more accurate validation of reported data.
- 2. Institution Profile:** The institution profile section includes questions regarding the number and value of transaction deposit accounts of consumers and businesses (sometimes called checking accounts, NOW accounts, or share draft accounts), and related retail and wholesale sweep accounts to understand the relationships between the accounts and payments. The Board has removed the categorical question regarding

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<sup>4</sup> Reports and survey instruments in previous years are available at the Federal Reserve Payments Study website (<https://www.federalreserve.gov/paymentsystems/fr-payments-study.htm>).

whether the institution provides card-acquiring services.

3. **Checks:** The check section collects information about volumes of checks paid, deposited, and returned. The Board has discontinued questions on check deposit allocations and only retain the question on the volume of total checks deposited. As a result, the survey will no longer track a variety of volumes and trends including consumer and business check deposits, remote deposit capture methods, including consumer mobile deposits, as well as paper check deposits at branches, ATMs, and wholesale vaults. The survey will also no longer track remotely created checks. Check payments and returns questions remain the same.
4. **ACH:** The ACH section collects information about the volumes of originations and receipts of ACH transfers, and outgoing returns. The Board has discontinued questions on ACH offsets, and a variety of details on ACH returns.<sup>5</sup> The adopted revisions would add questions on direct exchange and same-day settlement volumes. The removal of the offset questions recognizes that the costs of tracking offsets exceed the benefits, that methods of using and tracking offsets are not consistent enough to be estimated separately with precision, and that many respondents lack information about them. Respondents are asked to exclude any offsets, if possible. As a result, however, the Board recognizes that measured ACH volumes will be inflated by an unknown quantity of offsets, which tends to affect value estimates more than number. Values and average values will tend to be inflated, and other ACH measures will also be affected. For example, calculated fraud rates are deflated in cases where offsets cannot be removed.
5. **Wire Transfers:** The wire transfer section includes questions regarding the number and value of wire originations and receipts allocated between network and book transfers. The Board has retained total wire receipts, but removed its subcategories. This reduction in wire receipt details parallels the reduction in details of check deposits.
6. **Non-prepaid Debit Cards:** The Board has separated the non-prepaid debit and general-purpose prepaid sections of the survey. This change removes a question on the sum of debit and prepaid card transactions, and another on the sum of cash-back from debit and prepaid cards. The general-purpose debit card section includes questions on the volumes of debit card transactions with various allocations, as well as the number tally of consumer and business cards in force and with purchase activity. The Board has removed the question on the number of chip-enabled cards in force. Cash-back at the point of sale is also collected from respondents. Allocations between card-present and card-not present have been replaced with allocations between in-person and remote, following the change implemented in the current FR 3066b. The Board has removed the questions allocating card-present transactions between PIN, signature-authenticated, and other (no signature required), replacing them with an allocation of in-person transactions between those with and without a PIN. Card-not-present was replaced with remote, and an allocation of remote between domestic (U.S.) payee and foreign (cross-border) payee was added. The

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<sup>5</sup> Offset entries are used internally by some depository institutions to bundle several ACH payments, such as a collection of consumer bill payments to a single payee, into one ACH payment. Processing each offset entry may increase the number of payments in a bundle by one and double the amount of value. Offset entries can be processed in house or over the network.

Board has added a question on the number of debit card transactions made via a digital wallet, including tokenized digital wallet, to include an allocation between in-person and remote transaction volumes.

- 7. General-Purpose Prepaid Cards:** The general-purpose prepaid card section includes questions on the total number and value of prepaid card transactions with various allocations, as well as the number tally of consumer and business cards in force and with purchase activity. The section includes questions on accounts and balances for reloadable and non-reloadable prepaid card accounts. The Board adopted changes that parallel those described in the general-purpose debit cards section.
- 8. General-Purpose Credit Cards:** The general-purpose credit card section includes questions on the total volumes of credit card transactions with various allocations, as well as the number of consumer and business cards in force and with purchase activity. The Board adopted changes to transaction volume and card tally allocations that parallel those described in the general-purpose debit cards section. This section also includes questions on accounts and balances for business and consumer credit card accounts. For consumer accounts, it includes allocations between accounts with current balances only and with revolving balances. The Board has modified and expanded the allocations to include, zero balance, current balance only, revolving balance only, and current and revolving balances. These adopted revisions are intended to separately collect the portions of current activity-only accounts that have zero and nonzero balances and the portions of balances in accounts with revolving and current amounts. The Board has added questions on general-purpose cobranded cards, in order to obtain volumes of non-network card payments. The change is expected to provide a more complete picture of the use of credit cards for payments (and possibly, rewards) versus borrowing. The Board has removed questions on non-network transactions, along with the allocation between balance transfers and convenience checks.
- 9. Cash:** The cash section includes questions on the volumes of cash withdrawals and deposits by the common channels used by depository institution customers, as well as questions pertaining to cash terminals. A key part of the section covers the number and value of total ATM cash withdrawals including allocations for ATM withdrawals that are on-us and “foreign” (meaning via an ATM owned by another depository institution). Of the questions related to cash withdrawals, the Board has retained only those which allocate cash withdrawals by location and account type. The Board has removed number tallies of debit and prepaid cards in force with ATM access, and with ATM withdrawal activity, allocations of cash withdrawals to prepaid card program accounts, tallies of debit and prepaid cards in force, and with ATM withdrawals, allocation of cash withdrawals to consumer, business, and prepaid card program accounts. The ATM terminals section which includes tallies of the number of active ATM terminals, including allocations to owned and sponsored ATMs at branch locations and offsite, and tallies of active and total numbers of remote currency management terminals, has been removed. The Board has also added a question to allocate ATM withdrawals between domestic and cross-border volumes.

**10. Alternative Payment Initiation Methods:** The alternative payments section asks questions about volumes of online and mobile bill and person-to-person payments. The Board has removed business-to-consumer and business-to-business online and mobile payment volume questions. The Board has removed the online and mobile allocations for consumer bill payments. The Board has also removed these allocations for consumer person-to-person online and mobile transfers and to add allocations between “on-us” and “off-us” transfers.<sup>6</sup>

**11. Unauthorized Third-Party Payment Fraud:** As noted, the Board has distributed unauthorized third-party fraud questions to the corresponding sections of the survey. The Board has added allocations of fraudulent ACH credits originated between same-day and non-same-day settlement, and allocations of fraudulent ACH debits received between same-day and non-same-day settlement. The Board has to added allocations of fraudulent wire transfers originated between domestic and foreign payees. The Board has added a question on total fraudulent wire transfer receipts. The Board adopted revisions to allocations of fraudulent debit, prepaid, and credit card volumes to collect fraudulent in-person volumes, which would replace the current card-present volumes, along with adding sub-allocations to fraudulent volumes with and without PIN authentication. The Board adopted revisions to collect fraudulent remote volumes, which would replace the current card-not-present volumes, along with sub-allocations to fraudulent domestic and cross-border volumes. The Board has added allocations for fraudulent domestic and cross-border ATM withdrawals. The Board has added fraudulent online or mobile person-to-person transfers, along with adding allocations to “on-us” and “off-us.”

**FR 3066b.** These surveys are conducted as a census of known payment networks, processors, card issuers, covered alternative and innovative payment initiation methods and systems, and a stratified, representative random sample of transit system operators. In general, respondents are asked to provide information about any payments volume processed during the survey data collection period, by various categories listed below. Respondents are asked to report on a range of categories between total transactions and net purchase transactions, which includes total authorized transactions, chargebacks, adjustments, and returns. Most details in the surveys involve allocations of net, authorized, and settled transactions, and corresponding allocations of related third-party fraudulent transactions. Surveys request allocations of totals between consumer and business payments, as well as domestic and cross-border payments. Surveys also request the distribution of transactions into size categories, and for applicable surveys, the number tally of active and in-force cards.

A description of each of the different surveys employed for FR 3066b, and adopted revisions to the 2019 surveys compared with the 2016 surveys, is as follows:

**1. General-Purpose Card Network Surveys (credit card, debit card, and prepaid card):** These surveys collect the total number and value of all types of network payments initiated by the acquirer and made with U.S. general-purpose credit, debit, and prepaid

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<sup>6</sup> “On-us” transfer originations include person-to-person transfers between two accountholders at the same institution. “Off-us” transfer originations include person-to-person transfers between two accountholders at different institutions.

cards issued on U.S.-domiciled accounts carrying a network brand. Data are allocated to the in-person and remote payment channels, and further allocated to payment technology, venue, and authentication types. The surveys also seek to collect number and value of total issuer-reported card fraud types, such as lost or stolen, counterfeit, and account takeover. The Board adopted moderate changes to the current card network surveys. As in the current surveys, card payment volumes will be tracked by entry mode. However, the Board has modified the types of entry modes to include a breakout of contact and contactless chip cards for in-person transaction volumes with chip-authentication, but to remove the allocation between those initiated with or without a mobile device. In addition, the Board has narrowed the in-person card verification method categories to only track payment volumes with or without a PIN. The Board has added allocations of cross-border transactions between in-person and remote. For fraudulent payments, the Board's adopted question changes mirror those for total payments.<sup>7</sup> In addition, the surveys will now request distributions across fraudulent transaction sizes, and allocations of fraudulent payments between consumer and business, as well as for domestic and cross-border. Questions requesting the number tally of cards and the allocation of the number of terminals with and without chip-acceptance functionality activated have been removed.

- 2. Private-Label Credit Card Merchant Issuer Survey, Private-Label Credit Card Processor Survey, General-Purpose Prepaid Card Processor Survey, and Private-Label Prepaid Card Issuer and Processor Survey:** These surveys collect the number and value of total payments originated from U.S.-domiciled accounts and made with a private-label credit or charge card, general-purpose prepaid card, and private-label prepaid card. Similar to card network surveys, the Board has restructured the payment entry mode and card verification method categories to better reflect standard industry reports, but in less detail compared with the general-purpose card networks.
- 3. Electronic Benefits Transfer (EBT) Card Processor Survey:** The EBT survey collects data on payments initiated with an EBT card to access funds and/or make purchases at approved merchants in accordance with government-administered program rules, and to receive cash. Transaction types in the adopted EBT survey are allocated between the main types of EBT card programs. The Board has removed value distribution questions, card-acceptance terminal questions, and the number tally of cards in the previous year.
- 4. Automated Teller Machine (ATM) Card Network Survey:** The ATM card network survey collects cash withdrawals and other transaction volumes made with U.S. cards, which are issued for U.S.-domiciled accounts and originated on the respondent's ATM network, including non-prepaid debit cards, prepaid debit cards, and credit cards. The survey also seeks to collect the number and value of issuer-reported fraudulent card payment types, such as lost or stolen, counterfeit, and account takeover. Respondents consist of the domestic ATM networks in the U.S. Most respondents also operate

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<sup>7</sup> The survey was modified to include the term "forward" when discussing non-return ACH credit and debit transfers that are originated by the responding institution. Industry practitioners use the term to distinguish that type of transfer from returned transfers they also originate of each type. By indicating that the transaction is forward, the term helps to clarify confusion arising from the fact that ACH can be used to originate and receive both credit transfers, associated with outgoing funds, and debit transfers, associated with incoming funds.



general-purpose debit card networks. The Board has added total and fraudulent cash withdrawal volume allocations between domestic and cross-border for domestic accounts, as well as cross border cash withdrawal volume transactions at a domestic ATM for accounts domiciled outside the U.S.

5. **Automated Teller Machine (ATM) Card Processor:** The Board has removed this survey of independent service operators.
6. **Alternative Payment Initiation Methods Processor Surveys:** Surveys cover alternative, innovative, and emerging payment initiation methods and systems.
  - a. **Person-to-Person (P2P) and Money Transfer Processor Payment Survey:** The Board adopted no changes to this survey.
  - b. **Online Bill Payment Processor Survey:** The Board adopted no changes to this survey.
  - c. **Walk-In Bill Payment Processor Survey:** The Board adopted no changes to this survey.
  - d. **Private-Label ACH Debit Card Processor Payment Survey:** The Board adopted no changes to this survey.
  - e. **Toll Collection Processor Payment Survey:** The Board adopted a simplification of the title, changing the title from “Electronic Toll and Payment Collection Processor Survey.” The Board also adopted some clarifying changes to question descriptions, and removal of the questions on the distribution of transactions into various size categories.
  - f. **Online Payment Authentication Methods Processor Survey:** The survey collects the number and value of online payment authentications by method. The Board has removed the allocations between credit card and PIN debit for the authentication method of e-commerce redirected from the merchant or biller site.
  - g. **Mobile Wallet Processor Payment Survey:** The Board adopted no changes to this survey.
  - h. **Transit System Operator Payment Survey:** The Board adopted changes to this survey to first request an allocation of unlinked rides between those requiring payment and free rides.

The Board discontinued the FR 3066c data collection process of check images used to estimate the proportion of checks by categories such as payers, payees, and purposes. FRB Atlanta may continue a version of the CSS using sampled information from their own check processing operations, an approach that started in 2015.

The Board has also discontinued the FR 3066d, which was designed to serve as a supplemental collection to the FR 3066a and FR 3066b, targeted at specific payment issues. If such a supplement is needed in the future, the Federal Reserve would likely utilize the FR 3067.

### **Frequency**

The Board will collect the FR 3066a and FR 3066b in 2019 and shorter versions in 2020 and 2021.

### **Time Schedule for Information Collection**

The FR 3066a and FR 3066b would be distributed around the end of the first quarter of each year, due by the end of the second quarter, and follow-up for nonresponse, missing items, and validation completed by the end of the third quarter.

### **Public Availability of Data**

The initial data brief would be released to the public in the fourth quarter of the same year and a detailed data supplement would be released in the second quarter of the following year. Aggregate estimates may be cited in published material such as Federal Reserve Financial Services press releases or reports posted on the frbservices.org website, industry conference presentations, staff studies or working papers, professional journals, the Federal Reserve Bulletin, testimony and reports to the Congress, or other vehicles.

### **Legal Status**

The information obtained from the FR 3066 may be used in support of the Board's development and implementation of regulations, interpretations, and supervisory guidance for various payments, consumer protection, and other laws. Therefore, the FR 3066 is authorized pursuant to the Board's authority under the following statutes:

- Section 609 of the Expedited Funds Availability Act (12 U.S.C. § 4008),
- Sections 904 and 920 of the Electronic Fund Transfer Act (15 U.S.C. §§ 1693b and 1693o-2),
- Section 105 of the Truth In Lending Act (15 U.S.C. § 1604),
- Section 15 of the Check Clearing for the 21<sup>st</sup> Century Act (12 U.S.C. § 5014), and
- Sections 11, 11A, 13, and 16 of the Federal Reserve Act (12 U.S.C. §§ 248, 248a, 342, 248-1, 360, and 411).

The FR 3066 is voluntary. Information collected on the FR 3066 is granted confidential treatment under exemption (b)(4) of the Freedom of Information Act (5 U.S.C. § 552(b)(4)), which protects from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential."

## Consultation Outside of the Agency

As part of the routine execution of the surveys, the contractors that recruit responses and collect survey data engage with potential participants to review, explain, and obtain feedback about the surveys. These conversations help to develop or revise proposed questions to make them as relevant to and substantively consistent with industry practices as possible.

## Public Comments

On March 27, 2019, the Board published an initial notice in the *Federal Register* (84 FR 11541) requesting public comment for 60 days on the extension, with revision, of the FR 3066 surveys. The comment period for this notice expired on May 28, 2019. The Board received one comment from a trade association.

The comments contained in the comment letter, directed at FR 3066a, discuss the questions on volumes of payments and associated unauthorized third-party payments fraud (fraud) in the ACH section of the survey. The commenter suggests that the ACH information the Board collects in the ACH section of FR 3066a would be more accurate and reliable if it is consistently collected from originating depository financial institutions (ODFIs) instead of the receiving depository financial institution (RDFI). The survey, however, does include volumes of payments and associated fraud from the ODFIs for ACH credits and ACH debits. Furthermore, the survey design and statistical estimation methods of the FR 3066a are based on collecting data from the paying bank side of all transactions, making collection of ACH debit volumes from the receiving depository financial institution (RDFI) necessary for accuracy and comparability with other types of payments in the surveys. Published works based on past surveys used ACH debit payments and fraud volumes collected from RDFIs to estimate reported ACH debit and fraud totals, and must continue for comparability. The ACH debit payments and fraud volumes from ODFIs were added to the 2016 survey.

The commenter also asserted that RDFIs would not be able to provide accurate information regarding the breakout of unauthorized ACH entries by same-day settlement and non-same-day settlement. In general, the Board expects that the paying bank and the collecting bank both have responsibilities to protect the payments system from fraud, and may have different information sets based on their unique perspectives. While the ODFIs are not the paying bank on ACH debits and therefore may not be ideal for the survey design and statistical estimation methods, their continued inclusion will nonetheless help to inform concerns about the accuracy, difficulty, and completeness of estimates constructed from both sources. For these reasons, the Board will retain the questions as written.

The comment letter also generally opposes the collection of same-day ACH data. Questions pertaining to same-day ACH volumes are included in the survey forms, in part to allow the calculation of an aggregate fraud rate estimate for the associated fraud. Such data are unavailable from other sources, such as the ACH operators. Same-day ACH is relatively new, and public discourse has centered around whether ACH fraud would increase as a result of the faster settlement requirement. Although it is not possible to predict the outcome, the Board expects that the inclusion of the questions will help to inform concerns about data validity and

estimate quality. The Board will retain the questions about same-day ACH payment and fraud volumes as written.

The comment letter asserts that the Board has singled out same-day ACH for the collection of fraud information while not asking “parties in other so-called faster” payment systems for fraud information. The FR 3066a, however, does collect fraud information about person-to-person (P2P) payments processed by the depository institutions, which is generally viewed as a faster payment alternative offered by those depository institutions. In addition, the FR 3066b attempts to collect comprehensive fraud data from P2P and money transfer processors, including those processors offering faster payment methods. The Board will retain the questions as written.

On July 12, 2019, the Board published a final notice in the *Federal Register* (84 FR 33264).

### **Estimate of Respondent Burden**

As shown in the table below, the estimated total annual burden for the FR 3066 surveys, averaged over three years, is 17,117 hours and decreases to 11,546 hours with the adopted revisions. For the FR 3066a the Board estimates 1,350 respondents in 2019, and 67 respondents for each of the annual supplements in 2020 and 2021. This yields an average of 495 respondents per year for the FR 3066a. For the FR 3066b the Board estimates 125 respondents in 2019, and 60 respondents for each of the annual supplements in 2020 and 2021. This yields an average of 82 respondents per year for the FR 3066b. The Board estimates that the average hours per response are the same across all years for both the FR 3066a and FR 3066b. The Board estimates a decrease of 12 hours per response from the 2016 survey for the FR 3066a to account for the removal of questions on the surveys.<sup>8</sup> These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

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<sup>8</sup> Past experience has shown that many respondents choose not to respond to parts of the survey, which would have the effect of lowering the burden. Also, starting in 2016, the Board removed some sections of the survey, depending on the portion of the sample being surveyed. However, to simplify the presentation and assumptions, the Board assumes the same burden per response for all respondents, regardless of survey completeness.

| <b>FR 3066</b>                      | <i>Estimated number of respondents<sup>9</sup></i> | <i>Annual frequency</i> | <i>Estimated average hours per response</i> | <i>Estimated annual burden hours</i> |
|-------------------------------------|--|-------------------------|---|--------------------------------------|
| <b>Current</b>                      |  |                         |   |                                      |
| <i>For surveys in 2016</i>          |  |                         |   |                                      |
| FR 3066a                            | 1,350  | 1                       | 32  | 43,200                               |
| FR 3066b                            | 125  | 1                       | 8   | 1,000                                |
| FR 3066c                            | 150  | 1                       | 3   | 450                                  |
| FR 3066d                            | 50   | 1                       | 12  | <u>600</u>                           |
|                                     |  |                         |   | 45,250                               |
| <i>For surveys in 2017 and 2018</i> |  |                         |   |                                      |
| FR 3066a                            | 85   | 2                       | 10  | 1,700                                |
| FR 3066b                            | 15   | 2                       | 5   | 150                                  |
| FR 3066d                            | 50   | 2                       | 12  | <u>1,200</u>                         |
|                                     |  |                         |   | 3,050                                |
| <i>Average over 3-years</i>         |  |                         |   | <b>17,117</b>                        |
| <b>Proposed</b>                     |  |                         |   |                                      |
| FR 3066a                            | 495  | 1                       | 22  | 10,890                               |
| FR 3066b                            | 82   | 1                       | 8   | <u>656</u>                           |
| <i>Average over 3-years</i>         |  |                         |   | <b>11,546</b>                        |
| <i>Change in 3-year average</i>     |  |                         |   | (5,571)                              |

The current estimated total annual cost to the public for this information collection is \$985,939 and would decrease to \$665,050 with the adopted revisions.<sup>10</sup>

<sup>9</sup> Of these respondents, 234 for the FR 3066a and 30 for the FR 3066b are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

<sup>10</sup> Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$19, 45% Financial Managers at \$71, 15% Lawyers at \$69, and 10% Chief Executives at \$96). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2018*, published March 29, 2019, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

## **Sensitive Questions**

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

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

The cost of the surveys to the Federal Reserve System depends mostly on the cost of the contractors engaged by the RPRF to assist with the surveys. The estimated cost is \$4.4 million to conduct FR 3066a and FR 3066b during this three-year period. The Federal Reserve anticipates that the RPRF would manage and conduct the survey process at no incremental Federal Reserve staffing cost compared with previous efforts. No other Reserve Bank or Board staff is anticipated to be required.