

**Supporting Statement for the
Government-Administered, General-Use Prepaid Card Survey
(FR 3063; OMB No. 7100-0343)**

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 Government-Administered, General-Use Prepaid Card Survey for Issuers (FR 3063a) and discontinued the Government-Administered, General-Use Prepaid Card Survey for State and Local Governments (FR 3063b) (both under OMB No. 7100-0343). The FR 3063a collects data from issuers of government-administered, general-use prepaid cards including information on the pre-paid card program, the number of cards outstanding, card funding, ATM transactions, purchase transactions, fees paid by issuers to third parties, interchange fees, and cardholder fees. The FR 3063a is mandatory. The FR 3063b, which is being discontinued, was designed to collect data from state governments, the District of Columbia, and U.S. territories (collectively state governments), and municipal government offices located within the United States (local government offices) that administer general-use prepaid card payment programs.¹ It was intended that the FR 3063b survey would collect similar information from state governments and local government offices to supplement the information collected from card issuers in the FR 3063a survey on the usage of general-use prepaid cards in federal, state or local government-administered payment programs. However, the FR 3063b was voluntary and the Board has not issued this survey to state governments or local government offices in the past three years because relevant information on the use of prepaid cards was obtained from the FR 3063a survey.

The Board uses data from the FR 3063a survey to support an annual report to Congress on the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs and on the interchange and cardholder fees charged with respect to such use of such cards.

The Board revised and streamlined the FR 3063a reporting structure to reduce burden on respondents by deleting various questions, which are no longer necessary to support the Board's annual report. The Board believes that the revised structure will reduce reporting burden without compromising the value of the data collected. The revisions to the FR 3063a will be effective for the data collection administered during the first half of 2022 for calendar year 2021 data. In addition, the Board discontinued the FR 3063b.

The current estimated total annual burden for the FR 3063a and FR 3063b is 1,500 hours, and would decrease to 150 hours. The revisions would result in decrease of 1,350 hours. The form and instructions are available on the Board's public website at <https://www.federalreserve.gov/debitcardsurveys>.

¹ The government survey may be distributed to federal government agencies in addition to state and local governments and U.S. territories, but collections of information from federal government agencies are not subject to the Paperwork Reduction Act and, thus, are not included in this discussion. U.S. territories include American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

Background and Justification

Section 1075(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires that the Board provide annually a report to the Congress regarding the prevalence of the use of general-use prepaid cards in federal, state, and local government-administered payment programs, and the interchange and cardholder fees charged with respect to the use of such prepaid cards.² Section 1075(a) of the Dodd-Frank Act also provides the Board with authority to require card issuers to respond to information requests as may be necessary to carry out the provisions of the section. Pursuant to this authority, the Board adopted regulations setting debit card interchange fee standards and reporting requirements in Debit Card Interchange Fees and Routing (Regulation II) (12 CFR Part 235). The FR 3063a survey is used to collect information from card issuers on the usage of general-use prepaid cards in federal, state, or local government-administered payment programs, and the interchange fees and cardholder fees charged with respect to the use of such general-use prepaid cards. The information collected on the FR 3063a survey is not available from other sources. The Board annually evaluates the data collected in an effort to further improve efficiency and reduce respondent burden.

Description of Information Collection

Issuer Survey (FR 3063a)

The FR 3063a is required for all entities that are considered “issuers” under Regulation II.³ The FR 3063a requests information on general-use prepaid cards (associated with accounts domiciled in the United States, the District of Columbia, and U.S. territories) issued under programs administered by a federal, state, or local government agency, except for the Supplemental Nutrition Assistance Program (SNAP). Regulation II requires each issuer to submit information about debit card (including general-use prepaid card) transactions in a form prescribed by the Board.⁴ The FR 3063a is mandatory for depository institutions that issue general-use prepaid cards for federal, state, or local government-administered payment programs.

The current survey collects information on government-administered payment programs for which the depository institution is the issuer of general-use prepaid cards. The cards issued pursuant to government-administered payment programs may be either reloadable or non-reloadable.

The current FR 3063a comprises eight sections:

- I. Program Information:** Respondents report information on card programs covered in their response including the number of programs, the name of the programs, and the name of the sponsoring government agencies.
- II. Card Funding:** Respondents report information on the number of cards outstanding and the value of funds loaded into prepaid card accounts.

² 15 U.S.C. § 1693o-2(a)(7)(D).

³ 12 CFR 235.8(a).

⁴ 12 CFR 235.8(b).

- III. Cash Withdrawals:** Respondents report information on ATM and over-the-counter (OTC) at-bank cash withdrawals.
- IV. Purchase Transactions:** Respondents report information on the volume and value of settled purchase transactions.
- V. Fees Paid by Issuers:** Respondents report the value of fees paid by issuers to third parties for cash withdrawals.
- VI. Issuer Revenue: Interchange Fees:** Respondents report information on interchange fee revenue received on settled purchase transactions.
- VII. Issuer Revenue: Cardholder Fees:** Respondents report information on fees assessed to cardholders, including purchase transaction fees, ATM fees, OTC fees, account servicing fees, routine monthly fees, customer service inquiry fees, overdraft fees, penalty fees, and all other cardholder fees.
- VIII. Issue Revenue: Other:** Respondents report information on revenue received from sources not covered in other sections of the survey.

Government Survey (FR 3063b)

The FR 3063b is voluntary for state governments and local government offices that use prepaid cards to disburse funds to payment recipients. This survey was originally designed to collect information about the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs. The format of the government survey comprises three sections:

- I. Government-Administered, General-Use Prepaid Card Program Information:** Respondents report information on the government-administered payment programs covered in the response, sponsoring government agencies, the jurisdiction of the agencies, geographic areas in which prepaid cards have been issued, card issuing banks, the type of payment programs, the number of recipients receiving payments (by any payment method), and the number of recipients receiving payments by prepaid cards.
- II. Number of Cards:** Respondents report information on the number of cards outstanding at year-end.
- III. Funds Disbursed to Payment Recipients:** Respondents report information on the value of funds loaded into prepaid card accounts and the value of all funds paid by other payment methods.

Respondent Panel

The FR 3063a panel comprises depository institutions in the United States that administer general-use prepaid cards, and, if utilized, the FR 3063b panel would have comprised state and local government offices in the United States that administer general-use prepaid cards.⁵

Revisions to the FR 3063a

The Board revised the FR 3063a to streamline the survey and reduce burden on

⁵ FR 3063b Survey Glossary of terms - United States: The states, territories, and possessions of the U.S., the District of Columbia, the Commonwealth of Puerto Rico, or any political subdivision of any of the foregoing.

respondents by deleting questions, which are no longer necessary to support the Board's annual report. The Board believes that the revisions will reduce reporting burden without compromising the value of the data collected. The revisions to the FR 3063a will be effective for the collection during the first half of 2022 of calendar year 2021 data. A section-by-section description of the revisions is provided below.

Section I: Program Information

The Board deleted questions 2 and 3. Question 2 requests the allocation of the total number of government-administered payment program(s) in scope into eleven categories (Social Security, Supplemental Security Income, Veterans, Unemployment, Child Support, Temporary Assistance to Needy Families (TANF), Section 8 Housing, Payroll, Tax Refunds, Prison/Corrections, and Other Government Program Types). Question 3 requests the name of each program in scope and the name of sponsoring government agency administering the program.

Section II: Card Funding

The Board deleted questions 4 through 7. Question 4 requests the allocation of the net funds loaded by the categories of the government-administered payment program listed by Question 2. Question 5 requests the amount of funds outstanding on all government-administered payment general use prepaid cards as of December 31st. Question 6 requests the average daily value of funds outstanding during the year. Question 7 is a comment section for Questions 5 and 6.

Section III: Cash Withdrawals

The Board deleted section III, which captures cash withdrawals from ATMs and Over-the-counter withdrawals from a bank (teller).

Section IV: Purchase Transactions

Section IV is renumbered as Section III. The Board deleted question 2. Question 2 requests the allocation of all settled purchase transactions by volume and value. It also requests the volume and value of settled purchase transactions both exempt and non-exempt from the interchange fee standards.

Section V: Fees Paid by Issuers

The Board deleted section V, which collects data on fees paid by issuers.

Section VI: Issuer Revenue: Interchange Fees

Section VI is renumbered as Section IV. The Board deleted question 2. Question 2 requests the allocation of all total interchange fee revenue by interchange fee revenue received on settled purchase transactions both exempt and non-exempt from the interchange fee standards.

Section VII: Issuer Revenue: Cardholder Fees

Section VII is renumbered to Section V. The Board deleted question 2. Question 2 requests the allocation of cardholder fees by total revenue and number of times fees were assessed for nine fee categories (Purchase transaction, ATM, OTC (teller) cash withdrawal, Account servicing, Routine monthly, Customer service inquiry, Overdraft, Penalty, and Others). For each category, the number of programs subject to government-imposed restrictions, as well as a description of government-imposed restrictions on fees is also requested.

Section VIII: Issuer Revenue: Other

The Board deleted section VIII, which captures issuer revenue from other sources.

Revisions to the FR 3063b

The Board discontinued the FR 3063b survey. The Board has not issued this survey to state governments or local government entities in the past three years, as the information provided by card issuers in responding to the FR 3063a survey has been sufficient and also includes data on state programs.

Time Schedule for Information Collection

The Board is required to provide an annual report to the Congress on government-administered, general use prepaid cards. The Board sends out FR 3063a survey to issuers by mid-February of each year, and requests that the surveys be submitted to the Board within 60 calendar days.

Public Availability of Data

The Board includes aggregate FR 3063a survey data in an annual Report to the Congress on Government-Administered, General-Use Prepaid Cards, which is also posted on the Board's public website, <https://www.federalreserve.gov/publications/government-prepaid-executive.htm>.

Legal Status

The FR 3063a is authorized by subsection 920(a)(7) of the Electronic Fund Transfer Act (15 U.S.C. § 1693o-2(a)(7)), which was added by section 1075(a) of the Dodd-Frank Act. This subsection requires the Board to submit an annual report to Congress on the prevalence of the use of general-use prepaid cards in federal, state, or local government-administered payment programs and the interchange transaction fees and card-holder fees charged with respect to the use of such general-use prepaid cards (15 U.S.C. § 1693o-2(a)(7)(D)). It also provides the Board with authority to require issuers to provide information to enable the Board to carry out the provisions of the subsection (15 U.S.C. § 1693o-2(a)(3)(B)).⁶ The obligation of issuers to

⁶ Section 235.8(a) and (b) of the Board's Regulation II (12 CFR 235.8(a) and (b)), implements this reporting requirement and requires the submission of information about debit card transactions (including general-use prepaid

respond to the FR 3063a is mandatory.

The Board generally regards the information collected from each individual issuer on the FR 3063a survey as confidential commercial and financial information, which may be protected by exemption 4 of the Freedom of Information Act (5 U.S.C. § 552(b)(4)). The Board, however, may publicly release aggregate or summary information in a way that does not reveal the individual issuer.

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On November 19, 2020, the Board published an initial notice in the *Federal Register* (85 FR 73708) requesting public comment for 60 days on the extension, with revision, of the FR 3063. The comment period for this notice expired on January 19, 2021. The Board did not receive any comments. The Board adopted the extension, with revision, of the FR 3063 as originally proposed. On March 8, 2021, the Board published a final notice in the *Federal Register* (86 FR 13379).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3063 is 1,500 hours, and would decrease to 150 hours with the revisions. The Board estimates that approximately 15 depository institutions would take, on average, 10 hours each to complete the revised FR 3063a. The revisions to the FR 3063a would result in a net decrease of 75 data items, resulting in a net decrease of 225 hours. These reporting requirements represent less than 1 percent of the Board's total paperwork burden.

card transactions) by issuers in a form prescribed by the Board. This reporting requirement has been carried out in the form of three surveys collected by the Board. In addition to the FR 3063a survey, the Debit Card Issuer Survey (FR 3064a) and Payment Card Network Survey (FR 3064b) (OMB No. 7100-0344) collect information on the volume and value of debit card transactions (including general-use prepaid card transactions), associated interchange fees, payments, and incentives paid by networks to issuers from: (1) issuers of debit cards (including issuers of general-use prepaid cards) that, together with affiliates, have assets of \$10 billion or more (the FR 3064a survey) and (2) payment card networks (the FR 3064b survey). However, the FR 3064a and FR 3064b surveys are separately reviewed and accounted for under the Paperwork Reduction Act.

FR 3063	<i>Estimated number of respondents⁷</i>	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR 3063a	15	1	25	375
FR 3063b	75	1	15	<u>1,125</u>
<i>Current Total</i>				1,500
Proposed				
FR 3063a	15	1	10	150
<i>Change</i>				(1,350)

The estimated total annual cost to the public for the FR 3063 is \$88,725, and would decrease to \$8,873 with the revisions.⁸

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is \$103,000.⁹

⁷ Of these respondents, one respondent is considered a small entity as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>.

⁸ 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 \$20, 45% Financial Managers at \$73, 15% Lawyers at \$72, and 10% Chief Executives at \$95). 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 2020*, published March 31, 2021, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

⁹ Total cost to the Federal Reserve System was estimated using the following formula: (estimated staff time of 1,000 hours, multiplied by a average hourly rate of \$50) plus estimated information technology costs of \$53,000.