

## **Supporting Statement for the Interchange Transaction Fees Survey (FR 3064; OMB No. 7100-0344)**

### **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, without revision, the Interchange Transaction Fees Survey (FR 3064; OMB No. 7100-0344). This information collection comprises the following reports:

- Debit Card Issuer Survey (FR 3064a) collects data from issuers of debit cards (including general-use prepaid cards) that, together with their affiliates, have assets of \$10 billion or more, including information regarding the volume and value of debit card transactions; chargebacks and returns; costs of authorization, clearance, and settlement of debit card transactions; other costs incurred in connection with particular debit card transactions; fraud prevention costs and fraud losses; and interchange fee revenue.<sup>1</sup>
- Payment Card Network Survey (FR 3064b) collects data from payment card networks, including the volume and value of debit card transactions; interchange fees; network fees; and payments and incentives paid by networks to acquirers, merchants, and issuers.<sup>2</sup>

The data from the FR 3064a and FR 3064b are used to fulfill a statutory requirement that the Board disclose certain information regarding debit card transactions on a biennial basis.<sup>3</sup> In addition, the Board uses data from the Payment Card Network Survey (FR 3064b) to publicly report on an annual basis the extent to which networks have established separate interchange fees for exempt and covered issuers.<sup>4</sup>

The estimated total annual burden for the FR 3064 is 86,085 hours. The forms and instructions are available on the Board's public website at <https://www.federalreserve.gov/paymentsystems/regii-data-collections.htm>.

### **Background and Justification**

Section 920(a)(3) of the Electronic Fund Transfer Act, as added by section 1075(a)(3) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), provides that the Board shall, on at least a biennial basis, disclose such aggregate or summary information concerning the costs incurred, and interchange transaction fees charged or received, by issuers or payment card networks in connection with debit card transactions as the Board considers appropriate and in the public interest.<sup>5</sup> In addition, when the Board adopted Regulation II - Debit Card Interchange Fees and Routing (12 CFR Part 235), the Board stated that, in order to monitor the effectiveness of the small-issuer exemption from the interchange fee standards, it planned to

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<sup>1</sup> See 12 CFR 235.2(k) for the definition of Issuer.

<sup>2</sup> See 12 CFR 235.2(m) for the definition of Payment card network.

<sup>3</sup> See 12 U.S.C. § 1693o-2(a)(3)(B). The Board's biennial reports are available at <https://www.federalreserve.gov/paymentsystems/regii-data-collections.htm>.

<sup>4</sup> See Average Debit Card Interchange Fee by Payment Card Network <https://www.federalreserve.gov/paymentsystems/regii-average-interchange-fee.htm>.

<sup>5</sup> See 15 U.S.C. § 1693o-2(a)(3)(B).

collect information from payment card networks annually and planned to publish annually a list of the average interchange fees each network provides to its covered and exempt issuers.<sup>6</sup> This information is not available from other sources. Without the FR 3064, the Board would be unable to fulfill its statutory obligations.

## **Description of Information Collection**

The FR 3064 comprises two surveys: (1) Debit Card Issuer Survey (FR 3064a) and (2) Payment Card Network Survey (FR 3064b). A general description of these surveys is provided below. The Board accepts electronic submissions from respondents using a dedicated portal for each data collection. Each respondent has access to unique and confidential access credentials to submit data to the Board.

### **Debit Card Issuer Survey (FR 3064a)**

The Debit Card Issuer Survey is required for each debit card issuer that, together with its affiliates, has assets of \$10 billion or more (covered issuers). In general, the Debit Card Issuer Survey collects information on two types of debit card programs and transactions: dual-message and single-message.<sup>7</sup> Both programs include general-use prepaid card transactions. The survey requests information on accounts and cards associated with accounts domiciled in the United States, the District of Columbia, and U.S. territories.<sup>8</sup> The Debit Card Issuer Survey comprises five sections.

- I. Respondent Information:** Respondents provide the name of the debit card issuer covered in the response and the contact person(s)'s name, e-mail, and phone number.
- II. Information for all Debit Card Transactions (including general-use prepaid card transactions):** Respondents report summary information for debit card (including general-use prepaid card) transaction volume and value; chargebacks to and returns from acquirers; costs of authorization, clearance, and settlement; other costs incurred in connection with particular debit card transactions that are not authorization, clearance, and settlement costs; costs for fraud prevention and data security; fraudulent transactions and fraud losses; and interchange fee revenue.<sup>9</sup>
- III. Information for Single-Message Debit Card Transactions (excluding general-use prepaid card transactions):** Respondents submit data for the same set of questions asked in Section II, above, for single-message debit card programs, excluding general-use prepaid cards.

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<sup>6</sup> See 76 FR 43394, 43436 (July 20, 2011).

<sup>7</sup> In dual-message transactions, authorization information is carried in one message and clearing information is carried in a separate message. In single-message transactions, authorization and clearing information is carried in one message. General-use prepaid card transactions use either communication method (although dual-message transactions are more common). General-use prepaid cards can be reloadable or non-reloadable.

<sup>8</sup> U.S. territories include American Samoa, Federal States of Micronesia, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Republic of Palau, Republic of the Marshall Islands, and U.S. Virgin Islands.

<sup>9</sup> The list of fraud prevention activities (such as transaction monitoring, merchant blocking, data security, PIN customization, and other) may be updated over time based on "other" activities reported.

**IV. Information for Dual-Message Debit Card Transactions (excluding general-use prepaid card transactions):** Respondents submit data for the same set of questions asked in Section II, above, for dual-message debit card programs, excluding general-use prepaid cards.

**V. Information for General-Use Prepaid Card Transactions:** Respondents submit data for largely the same set of questions asked in Section II, above, for general-use prepaid card transactions. Questions related to general-use prepaid transactions are modified to include a breakout of single-message and dual-message transactions.

### **Payment Card Network Survey (FR 3064b)**

The Payment Card Network Survey is required for all entities that are considered “payment card networks” under Regulation II. The Payment Card Network Survey requests information on domestic debit card transactions (i.e., those in which both the merchant and account debited are located in the United States). Regulation II requires each payment card network to submit information about debit card (including general-use prepaid card) transactions in a form prescribed by the Board.<sup>10</sup> The Payment Card Network Survey comprises two sections.<sup>11</sup>

**I. Respondent Information:** Respondents provide the network covered in this response and the contact person(s)’s name, e-mail, and phone number. Respondents also report whether the payment card network is a single-message or dual-message network. In the event that a network processes both single-message and dual-message transactions, the network must complete a survey for each type of transaction.

**II. Information on Debit Card Transactions (including general-use prepaid card transactions):** Respondents report summary information for the volume and value of all debit card transactions; volume and value for chargebacks to and returns from acquirers; the volume and value of card-present and card-not-present transactions; the volume and value of transactions involving exempt and non-exempt issuers; the volume and value of transactions involving exempt and non-exempt general-use prepaid card transactions; the value of interchange fees for all transactions, exempt/non-exempt issuers, and exempt general-use prepaid card transactions; the value of network fees; and payments and incentives paid by networks to acquirers, merchants, and issuers.

The Board understands that respondents use information technology to comply with these provisions.

### **Respondent Panel**

The FR 3064 panel comprises debit card issuers and payment card networks.

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<sup>10</sup> See 12 CFR 235.8.

<sup>11</sup> Entities that have both single-message and dual-message networks are asked to report data for each program separately.

## **Frequency and Time Schedule**

The FR 3064 surveys are submitted annually by May 1. Data are as of December 31 of the previous year.

## **Public Availability of Data**

The Board is required to disclose, as appropriate and in the public interest, aggregate or summary information concerning the costs incurred and interchange fees charged or received by issuers and payment card networks on a biennial basis. In addition, the Board previously announced that it will disclose information on payment card network interchange fees on an annual basis. The Board targets a publication of the Payment Card Network Survey results and the Debit Card Issuer Survey results by, respectively, the end of the third and fourth quarter of every survey year.

## **Legal Status**

The FR 3064a and FR 3064b are authorized by section 920(a) of the Electronic Fund Transfer Act, as amended by section 1075(a) of the Dodd-Frank Act (12 U.S.C. § 1693o-2). This provision requires the Board, at least once every two years,<sup>12</sup> to disclose aggregate or summary information concerning the costs incurred and interchange transaction fees charged or received by issuers or payment card networks in connection with the authorization, clearance, or settlement of electronic debit transactions as the Board considers appropriate and in the public interest.<sup>13</sup> It also provides the Board with authority to require issuers and payment card networks to provide information to enable the Board to carry out the provisions of the subsection. The FR 3064a and FR 3064b are mandatory.

The Board is required to release aggregate information from responses to the FR 3064a and FR 3064b. The Board additionally releases, at the network level, the percentage of total number of transactions, the percentage of total value of transactions, and the average transaction value for exempt and non-exempt issuers obtained on the FR 3064b because it can be calculated based on information the Board already releases and may be useful to issuers, merchants, and policymakers in choosing payment card networks and assessing the effects of interchange regulations. The information contained in individual responses to the FR 3064a and FR 3064b is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. The Board therefore keeps such information confidential pursuant to exemption 4 of the Freedom of Information Act (FOIA) (5 U.S.C. § 552(b)(4)).

## **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

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<sup>12</sup> The subsection refers to bi-annual disclosures and the Board interprets this to mean once every two years. See 76 FR 43458 (July 20, 2011).

<sup>13</sup> 15 U.S.C. § 1693o-2(a)(3)(B).

## Public Comments<sup>14</sup>

On May 29, 2025, the Board published an initial notice in the *Federal Register* (90 FR 22726) requesting public comment for 60 days on the extension, without revision, of the FR 3064. The comment period for this notice expired on July 28, 2025. The Board received four comments; two from banking industry trade associations, one from a bank holding company, and one from a payment card network.<sup>15</sup> All commenters recommended changes to the Debit Card Issuer Survey (FR 3064a) (the DCI survey), and two recommended changes to the Payment Card Network Survey (FR 3064b) (the PCN survey). The Board adopted the extension, without revision, of the FR 3064 as originally proposed. On January 12, 2026, the Board published a final notice in the *Federal Register* (91 FR 1180).

### Detailed Discussion of Public Comments

#### I. DCI Survey

Comments on the DCI survey broadly addressed the following: (A) collecting information on new categories of costs, as well as a detailed list of line items relating to both existing and new cost categories, (B) making certain structural changes to the DCI survey, including with respect to routing methods and fraud, and (C) certain other matters that pertain to the substance of Regulation II or otherwise pertain to the DCI survey only indirectly.

##### A. Costs Included in the DCI Survey

###### 1. Summary of Comments

Three commenters asserted that the information collected through the DCI survey is too limited and thus provides an incomplete picture of costs incurred by debit card issuers. Commenters proposed that the Board collect data on certain new categories of costs not currently included in the DCI survey, such as: international fraud losses; card maintenance costs; program setup, infrastructure, and account maintenance costs; research, development, and technology costs; compliance and regulatory costs; periodic statement and account information costs; consumer impact metrics; and an open-ended category of “other” costs.

Two commenters suggested a list of about 40 specific line items that relate to both existing and new cost categories. With respect to existing cost categories, commenters suggested

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<sup>14</sup> On November 14, 2023, the Board published a notice of proposed rulemaking in which the Board proposed to update Regulation II’s interchange fee cap and to update the interchange fee cap every other year going forward by directly linking the interchange fee cap to data from the Debit Card Issuer Survey (the Interchange Fee Cap Proposal). See 88 FR 78100 (November 14, 2023). In response to the Interchange Fee Cap Proposal, the Board received a variety of comments regarding the Debit Card Issuer Survey and the data collected using the Debit Card Issuer Survey, and those comments are being considered in connection with the Interchange Fee Cap Proposal. The current proposed extension is independent from the Interchange Fee Cap Proposal and will allow the Board to continue using the Debit Card Issuer Survey and Payment Card Network Survey beyond their current expiration date of January 31, 2026.

<sup>15</sup> The comment letter from the bank holding company endorsed one of the trade association letters. They are treated as two separate comment letters herein.

line items related to fraud losses and fraud-prevention costs; transaction processing and network costs; cardholder inquiry costs; cardholder rewards costs; capital and fixed costs; and third-party service provider costs.<sup>16</sup> With respect to new cost categories, commenters suggested line items related to card maintenance costs; program setup, infrastructure, and account maintenance costs; research, development, and technology costs; compliance and regulatory costs; periodic statement and account information costs; and “other” costs.<sup>17</sup>

Four commenters raised issues related to technology-specific costs. Three commenters recommended including a new cost category for costs related to tokenization and digital wallets, noting the increased popularity of digital wallets. One commenter suggested edits to the definition of “third-party processing fees” to expressly include fees related to third-party service providers that are digital wallet operators; the same commenter also suggested edits to the definition of “transaction monitoring costs” to expressly include, in addition to neural networks and fraud-scoring systems, a catchall reference to other technologies. The commenter also suggested including an additional list of examples to the definition of “total fraud-prevention and data-security costs,” including EMV and contactless card technology, tokenization technology, machine learning and artificial intelligence, technology to allow customers to enable or disable their debit cards, technologies for cardholder authentication, and others.

Two commenters expressed the view that the DCI survey is narrowly focused on costs incurred by issuers and suggested that the Board should also capture the costs incurred by other parties to debit card transactions. With respect to consumers, commenters noted that the DCI survey is not an accurate reflection of consumer costs and suggested that the Board collect data on changes in the availability and terms of free checking accounts and debit card rewards, and changes in consumer fees related to debit card use. With respect to merchants, commenters stated that payment processing fees have emerged as a leading cost to merchants, encompassing a significant portion of fees paid by merchants to accept debit card transactions, and suggested that the DCI survey capture the third-party processor costs incurred by merchants.

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<sup>16</sup> For example, with respect to fraud losses and fraud prevention costs, commenters proposed line items for fraud-prevention costs, fraud detection and monitoring, fraud losses, costs of developing and implementing anti-fraud technologies, data breach-related losses, and costs of fraud monitoring required to facilitate debit card issuing activities. With respect to transaction processing and network costs, commenters proposed line items for authorization costs, costs of transaction monitoring during authorization, clearing and settlement costs, network fees, costs of posting transactions to customer accounts, costs of storage and recordkeeping of transaction information, and transaction security costs.

<sup>17</sup> For example, with respect to program setup, infrastructure, and account maintenance costs, commenters proposed line items for costs of agreements with debit card networks, costs of development and distribution of account terms and required disclosures, costs of system setup for transaction processing, account setup costs specific to debit card functionality, account maintenance costs related to debit card programs, and funds loading costs. With respect to compliance and regulatory costs, commenters proposed line items for compliance costs related to debit transactions and costs of legal, audit, and regulatory reporting functions specific to debit cards. With respect to periodic statement and account information costs, commenters proposed line items for costs of providing transaction details on paper or electronic statements and costs of online access to account and transaction information for cardholders.

## 2. Response

The Board has determined to retain the costs included in the DCI survey without change.<sup>18</sup> The categories of costs collected through the DCI survey generally comprise those costs the Board considered in connection with the adoption of the interchange fee cap in the Board's Regulation II (12 CFR Part 235), but also include certain additional costs that provide broader context for costs incurred by issuers in the course of effecting debit card transactions.<sup>19</sup> The Board believes that the costs currently included in the DCI survey remain sufficient to allow the Board to administer Regulation II, as adopted, and release summary and aggregate information as appropriate in the public interest.<sup>20</sup> Further, the Board does not believe that the increased burden on respondents of responding to a large number of additional items is necessary for the proper performance of these statutory functions. Some new cost categories suggested by commenters (such as account maintenance costs, regulatory compliance costs, and periodic statement and account information costs), as well as specific line items (such as development and distribution of account terms and required disclosures, costs of legal, audit, and regulatory reporting, providing transaction details on paper or electronic statements, and online access to account and transaction information for cardholders), include costs that are not incurred by issuers in the course of effecting debit card transactions, as discussed in the Adopting Release issued by the Board in 2011.<sup>21</sup> Other new cost categories suggested by commenters (such as consumer and merchant costs), as well as specific line items (such as the availability and terms of free checking accounts), are not incurred by debit card issuers at all or are not incurred by banks in their capacity as debit card issuers.<sup>22</sup> In addition, some costs may or may not be subcategories of existing costs, and it is not clear whether all costs are mutually exclusive or how they would be defined.<sup>23</sup>

With respect to technology-specific comments, the Board also does not believe it is necessary to add a new line item for tokenization and digital wallet costs. However, the Board believes that it is appropriate to clarify that the DCI survey is intended to be technology neutral.

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<sup>18</sup> The Board discussed costs included and not included in establishing the interchange fee cap when the Board adopted Regulation II in 2011. See 76 FR 43394, 43427-31 (July 20, 2011) (the Adopting Release). The Board does not express any additional views on which costs must, may, or may not be considered by the Board in establishing interchange fee standards.

<sup>19</sup> Since the Board's initial 2010 voluntary survey of large debit card issuers (collecting information regarding transactions performed in 2009), the Board has collected data on cardholder rewards, non-sufficient funds handling, and cardholder inquiries, none of which costs the Board considered when establishing the interchange fee cap. Starting with the 2011 DCI survey, the Board included the subset of customer service costs associated with cardholder inquiries regarding particular debit card transactions. 76 FR 79184 (December 21, 2011).

<sup>20</sup> The Board is required by statute to (1) prescribe interchange fee standards and (2) on at least a bi-annual basis, disclose such aggregate or summary information concerning the costs incurred, and interchange transaction fees charged or received, by debit card issuers in connection with the authorization, clearance, or settlement (ACS) of debit card transactions as the Board considers appropriate and in the public interest. See 15 USC 1693o-2(a)(3).

<sup>21</sup> See Adopting release at 43428.

<sup>22</sup> The Board has statutory authority to collect information from debit card issuers and payment card networks. With respect to debit card issuers and payment card networks, the Board's statutory authority relates to costs incurred, and interchange fees charged or received, by issuers or payment card networks in connection with the ACS of electronic debit transactions. See 15 USC 1693o-2(a)(3)(B).

<sup>23</sup> Two commenters noted that banking industry trade associations collect data on costs not included in the DCI survey, but they do not indicate how the trade associations define those costs or the entities from whom they collect those data.

So long as the costs incurred by a debit card issuer associated with a particular technology fall within the scope of a question on the DCI survey, those technology costs are already reportable, regardless of the technology involved. For example, although the definition of “transactions monitoring costs” refers specifically to the costs of neural networks and fraud-risk scoring systems as examples, those examples are not intended to be limiting so long as the cost otherwise falls within the definition of transactions monitoring costs. Similarly, costs associated with tokenization and digital wallets are already reportable so long as they fall within the scope of a question in the DCI survey. To avoid any confusion with respect to the definition of transactions monitoring costs, the Board has clarified in the instructions to the DCI survey that transactions monitoring costs include, but are not limited to, the costs of neural networks and fraud-risk scoring.

## **B. Structural Changes to the DCI Survey**

### **1. Summary of Comments**

Three commenters addressed ways in which the Board could restructure aspects of the DCI survey. One commenter asked the Board to remove Sections III and IV of the DCI survey, which require issuers to distinguish between single-message (SM) and dual-message (DM) debit card transactions, respectively. The commenter asserted that Sections III and IV impose burden on debit card issuers but do not provide actionable insights aligned with the survey’s goals. The commenter suggested that the Board instead distinguish between “legacy four-party systems” and “alternative networks” and collect only volume and transaction data specific to routing over alternative networks (regardless of message format).

One commenter suggested that the Board eliminate the separate collection of volume and value data for card-present (CP) and card-not-present (CNP) transactions. The commenter stated that the distinction between CP and CNP transactions no longer reliably reflects ACS costs nor serves as an accurate proxy for routing options. The commenter explained that CP transactions were traditionally associated with magnetic stripe and chip card use, whereas CNP transactions were typically key-entered and associated with catalog and phone purchases, but that transactions today defy CP and CNP categories. The commenter further explained that, today, card entry can include magnetic stripe, chip, manual key entry, card-on-file, and tokenization. It also notes that the expansion of PINless debit has made it possible to route CNP transactions through payment card networks that traditionally required a PIN. Given the change in the payments landscape and the fact that a single interchange fee cap applies to all transaction types, the commenter argued that it is unnecessary to split debit card data by CP and CNP.

One commenter addressed the DCI survey’s reporting requirements for fraudulent debit card transactions. The commenter asserted that requiring issuers to separately report information for different fraud types does not provide practical utility in relation to routing.<sup>24</sup> In addition, the commenter stated that many community banks do not have sufficient access to granular data to report the specified subcategories. The commenter also noted that the term CNP is now increasingly obsolete, that some categories may not be mutually exclusive, and that the

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<sup>24</sup> Currently the DCI survey requires debit card issuers to report fraud data according to the following categories: (1) all fraudulent transactions, (2) CNP fraud, (3) counterfeit fraud, (4) lost and stolen card fraud, and (5) other.



subcategory for counterfeit fraud is no longer necessary in light of the widespread adoption of EMV chip technology. As an alternative, the commenter encouraged the Board to align the categories of fraud on the DCI survey with the Federal Reserve's FraudClassifier<sup>SM</sup> model.<sup>25</sup>

One commenter requested that the Board eliminate a requirement to report in-house costs as a subset of a debit card issuer's ACS costs.<sup>26</sup> The commenter stated that community banks overwhelmingly rely on core processors for data storage and reporting and that, as a result, it is difficult for community banks to identify in-house processing costs. The commenter also stated that the instructions to the DCI survey for calculating in-house costs do not align with how community banks record or account for operational expenses and that they are unable to isolate in-house costs.

## **2. Response**

The Board has determined that it will retain Sections III and IV of the DCI survey (requiring issuers to separately report information for SM and DM transactions) and continue to require separate reporting of volume and value for CP and CNP transactions. With respect to the specific suggestion that the Board replace SM and DM with alternative and legacy networks, the Board believes it is appropriate to use neutral terms to distinguish between transaction types and that many networks are capable of processing both SM and DM transactions. With respect to the suggestion that certain transactions defy CP and CNP categories, the Board understands that networks continue to distinguish between CP and CNP transactions and believes that the definitions of "card-present transaction" and "card-not-present transaction" in the DCI survey remain clear for the vast majority of transactions.

More broadly, the Board believes that there continues to be value to the Board, Congress, and the broader public in collecting and reporting on data specific to SM and DM transactions and CP and CNP transactions. As shown in the Board's reports, the data show significant differences between SM and DM transactions across a variety of metrics, such as volumes and values, interchange fees, incentives, network fees, and fraud. The reports also show meaningful differences between CP and CNP transactions. The Board believes that not reporting these distinctions would deprive the public of information regarding a significant feature of the debit card market. At a minimum, the Board believes that, in the event the Board were to consider future streamlining of the survey to eliminate the distinction between SM and DM transactions and CP and CNP transactions or different ways to categorize transactions altogether, it would be important to solicit feedback from a broader range of stakeholders on those specific changes.

In addition, data regarding SM and DM transactions and CP and CNP transactions provided the Board with insight into gaps in merchant routing choice for CNP transactions. This

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<sup>25</sup> The FraudClassifier model includes categories for fraud authorized by the defrauded party (which is not collected through the DCI survey) and unauthorized fraud (which is collected through the DCI survey). Within the category of unauthorized fraud, the FraudClassifier model distinguishes between fraud involving compromised credentials, impersonation of an authorized party, physical alteration, digital payment, and physical forgery/counterfeit. See About the FraudClassifier Model | FedPayments Improvement, available at <https://fedpaymentsimprovement.org/strategic-initiatives/payments-security/fraudclassifier-model/>.

<sup>26</sup> The DCI survey requires debit card issuers to separate authorization, clearance, and settlement costs into (1) in-house costs, (2) third-party processing fees, and (3) network processing fees.

information prompted the Board to amend Regulation II in 2022 to specify that the requirement that each debit card transaction must be able to be processed on at least two unaffiliated payment card networks applies to CNP transactions, and clarify the requirement that debit card issuers ensure that at least two unaffiliated networks have been enabled to process a debit card transaction.<sup>27</sup> Continued collection of this data will permit the Board to monitor changes made by debit card issuers in response to these routing amendments.

With respect to fraud, the current subcategories continue to assist the Board in monitoring and reporting on trends in debit card fraud. Although one commenter stated that certain fraud categories are of diminished value, data from the most recent bi-annual report show that each of counterfeit, CNP, and lost and stolen card fraud continues to be a significant source of fraud and that the distribution of fraud across those account types differs between SM and DM transactions.<sup>28</sup> The Board believes that not reporting on different types of fraud would deprive the public of information regarding an important aspect of the debit card market. In addition, while the Board recognizes that some issuers may have difficulty obtaining the data necessary to accurately report data on different subcategories of fraud, the typical issuer does not appear to consistently experience these issues. The Board also recognizes that there are instances in which fraud may be difficult to classify under a single category. As noted in the instructions to the DCI survey, a debit card issuer may report in a manner consistent with the way that the issuer categorizes fraud losses.

The Board appreciates comments that the Board should update the DCI survey to align with the FraudClassifier model, but believes it is premature to revisit the subcategories included in the DCI survey. On June 20, 2025, the Board, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation published a request for information (RFI) on potential actions to address payments fraud.<sup>29</sup> The RFI, which focused on check, automated clearing house, wire, and instant payments fraud, includes a section on payments fraud data collection and information sharing, in which the agencies note that standardizing payments fraud data collection, along with further information sharing, could provide a more comprehensive understanding of the prevalence and impact of payments fraud. In the RFI, the agencies also asked a number of questions regarding payments fraud data, including on how data collection could be improved and whether the Federal Reserve System could better leverage or improve the FraudClassifier and ScamClassifier™ models.<sup>30</sup> The Board is carefully reviewing comments received on the RFI, and, although the RFI did not focus on debit card fraud, responses to the RFI may inform potential future changes to how debit card fraud data is collected through the DCI survey. In addition, to the extent that the Board does, in the future, consider new subcategorization for fraud for purposes of the DCI survey, the Board believes that such a proposal would benefit from public comment on potential changes in this area.

With respect to in-house costs, the Board has determined to retain the breakdown of ACS costs by in-house costs, third-party processing fees, and network processing fees. As with

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<sup>27</sup> See generally 87 FR 61217 (October 11, 2022).

<sup>28</sup> See 2021 Interchange Fee Revenue, Covered Issuer Cost, and Covered Issuer and Merchant Fraud Loss Related to Debit Card Transactions (October 2023).

<sup>29</sup> 90 FR 26293 (June 20, 2025). The comment period ended on September 18, 2025.

<sup>30</sup> Id. at 26297.

subcategories of fraud costs, the Board recognizes that some issuers may have difficulty obtaining the data necessary to accurately report data on in-house costs, but the typical issuer does not appear to experience these issues. Further, the Board uses this data to report information on in-house costs, third-party processing fees, and network fees across low-, mid-, and high-volume issuers (including as a percentage of total ACS costs and on a per-transaction basis). The Board notes that there are different ways in which debit card issuers process transactions and that not reporting these distinctions would deprive the public of information regarding a significant feature of the debit card market. In addition, eliminating a cost breakdown for in-house costs would not eliminate the need for debit card issuers to identify and report those costs as part of their overall ACS costs.

### **C. Other Matters**

The Board received a number of comments on matters that either do not pertain to the DCI survey or that involve the DCI survey only insofar they involve the substance of Regulation II itself. Comments in this category include comments on the merits of Regulation II and the statute pursuant to which the Board adopted Regulation II; comments regarding the costs that the Board must or should consider when establishing interchange fee standards; comments regarding the publication date of the 2023 data previously collected by the Board;<sup>31</sup> and comments recommending publication of information regarding the number and completeness of responses to the DCI survey. The Board is not addressing these out-of-scope comments at this time.

One commenter asked the Board to update the instructions to the DCI survey to clarify what it means for a merchant to be located in the United States (for example, in the context of online transactions). The Board does not believe it would be appropriate to use the instructions to the DCI survey to address this issue because whether a merchant is located in the United States relates not only to the survey but also to whether Regulation II applies to a particular transaction.

## **II. PCN Survey**

### **1. Summary of Comments**

Two commenters provided comments with respect to the PCN survey. One commenter expressed support for the collection of data from small issuers through payment card networks.<sup>32</sup> The commenter also generally stated that many of its comments to the DCI survey also applied to the PCN survey, likely including the commenter's suggestion that the Board eliminate the distinction between CP and CNP transactions and SM and DM networks.

One commenter recommended reducing the frequency of the PCN survey, from every year to every two years. The commenter noted that annual reporting is no longer needed to

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<sup>31</sup> The Board intends to publish the report on the 2023 data by the end of 2025.

<sup>32</sup> When the Board adopted the interchange fee cap in 2011, the Board stated that the Board was taking steps to allow the Board to monitor and report to Congress on the effectiveness of the small issuer exemption, including by surveying payment card networks annually and publishing annually a list of the average interchange fees each network provides to covered issuers and exempt issuers. Adopting Release at 43436.

achieve the Board’s original purpose for requiring the PCN survey annually and that the commenter estimated that it takes at least 270 hours to complete the survey.

One commenter asked the Board to expand the reporting panel for the PCN survey to include “payment facilitators.”<sup>33</sup> The commenter argued that payment facilitators fall within the definition of payment card network in Regulation II and stated that payment facilitators play a critical role in the payment ecosystem but are not part of the reporting panel.

## **2. Response**

With respect to the distinction between CP and CNP transactions and SM and DM networks, the Board believes that there continues to be value in collecting data specific to CP and CNP transactions and SM and DM networks, as discussed above.

With respect to the burden on respondents of responding to the PCN survey, the Board appreciates feedback on the number of hours it takes to complete the PCN survey each year. The Board’s burden calculations reflect an estimate of the average burden on respondents, and the Board may consider updating its current estimate of average burden if additional respondents comment on its accuracy in the future.

In addition, with respect to the frequency of the PCN survey, the Board continues to believe that annual reporting is useful in connection with monitoring the effectiveness of Regulation II’s small issuer exception at this time. Notably, in recent years, the average interchange fee received for exempt transactions has increased materially relative to the average interchange fee received for covered transactions, and the PCN survey is the Board’s only source of this data.<sup>34</sup> However, the Board acknowledges the effort spent by payment card networks to complete the PCN survey annually. The Board may revisit the frequency of the survey in the future; if the Board does revisit the issue, the Board would intend to seek public comment from various stakeholders.

Finally, the Board has determined not to expressly state in the survey instrument that payment facilitators are required to complete the PCN survey. Whether or not an entity is required to complete the PCN survey is determined by whether the entity is a “payment card network” as defined in Regulation II (which definition largely reflects the statutory definition and has been in place since 2011) and clarified in the Official Board Commentary on Regulation II.<sup>35</sup> Any entity that fits within this definition is a “payment card network” for the purposes of Regulation II and is responsible for fulfilling the requirements applicable to payment card networks set forth in Regulation II, including the mandatory reporting through the PCN survey. The Board does not believe that the PCN survey is the appropriate context for identifying particular entities or types of entities that meet the definition of “payment card network” for

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<sup>33</sup> The commenter defined “payment facilitator” as an entity that offers proprietary services and technological infrastructure to route transactions and settle funds and charge merchants for these services.

<sup>34</sup> See Federal Reserve Board, Regulation II (Debit Card Interchange Fees and Routing): Average Debit Card Interchange Fee by Payment Card Network (2024), <https://www.federalreserve.gov/paymentsystems/regii-average-interchange-fee.htm>.

<sup>35</sup> See 12 CFR 235.2(m); 12 CFR Part 235 Appendix A, § 235.2(m).

purposes of Regulation II, and the Board expresses no view as to whether the particular payment facilitators referred to by the commenter are in fact payment card networks.

## Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3064 is 86,085 hours. The Board estimates that there are 531 chartered institutions that, together with affiliates, have assets of \$10 billion or more and that may issue debit cards.<sup>36</sup> In addition, the Board estimates that there are 15 payment card networks that process electronic debit transactions.<sup>37</sup> This represents the entire universe of institutions that issue debit cards and of payment card networks identified via the National Information Center database. The estimated average hours per response reflects previous feedback on the surveys received from public comments. These reporting requirements represent approximately 1.2 percent of the Board’s total paperwork burden.

<b>FR 3064</b>	<i>Estimated number of respondents<sup>38</sup></i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
FR 3064a	531	1	160	84,960
FR 3064b	15	1	75	<u>1,125</u>
<i>Total</i>				86,085

The estimated total annual cost to the public for the FR 3064 is \$6,211,033.<sup>39</sup>

## Sensitive Questions

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

<sup>36</sup> See <https://www.federalreserve.gov/paymentsystems/regii-interchange-fee-standards.htm> for a list of institutions that are known to be non-exempt.

<sup>37</sup> This estimate is based on payment card networks known to process electronic debit transactions and responses to the payment card network data collection for calendar year 2024. See <https://www.federalreserve.gov/paymentsystems/regii-average-interchange-fee.htm> for a list of payment card networks.

<sup>38</sup> Of these respondents, none are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$850 million in total assets). Size standards effective March 17, 2023. See <https://www.sba.gov/document/support-table-size-standards>.

<sup>39</sup> Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group’s hourly rate and then summed (30% Office & Administrative Support at \$24, 45% Financial Managers at \$87, 15% Lawyers at \$88, and 10% Chief Executives at \$126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2024*, published April 2, 2025, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

## **Estimate of Cost to the Federal Reserve System**

The estimated cost to the Federal Reserve System for collecting and processing this information collection is \$303,800.<sup>40</sup>

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<sup>40</sup> Total cost to the Board was estimated using the following formula: estimated FR 26 staff time of 1,000 hours multiplied by \$165,000 per year multiplied by a benefits factor of 1.25 divided by 2,080 hours per year plus an estimated FR 29 staff time of 1,000 hours multiplied by \$220,000 per year multiplied by a benefits factor of 1.25 divided by 2,080 hours plus estimated information technology costs of \$72,500.