



Payment Systems

Mail Code 100-99-13-15
2501 Wooten Blvd.
Wilson, NC 27893
(252) 246-4111
Fax (252) 246-2469

November 1, 2012

Mr. Robert deV. Frierson, Secretary,
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: FR 3066a

Dear Mr. Frierson:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation ("BB&T") appreciate the opportunity to comment on the Board of Governors of the Federal Reserve System's (the "Board") planned Depository and Financial Institution Payments Survey FR-3066a ("Survey"). BB&T has participated in the Board's Surveys for a number of years and recognizes the value of the Survey data to both the Board and other retail payments systems participants, including BB&T.

As of September 30, 2012, BB&T is one of the largest financial services holding companies in the U.S. with \$182.0 billion in assets and market capitalization of \$23.2 billion. Based in Winston-Salem, N.C., the company operates approximately 1,850 financial centers in 12 states and Washington, D.C., and offers a full range of consumer and commercial banking, securities brokerage, asset management, mortgage and insurance products and services. A Fortune 500 company, BB&T is consistently recognized for outstanding client satisfaction by J.D. Power and Associates, the U.S. Small Business Administration, Greenwich Associates and others. More information about BB&T and its full line of products and services is available at www.BBT.com.

Our comments on specific components of the proposed Survey are noted below:

Survey Reference Period

We strongly support the Board's plan to use March 2013 as the Survey reporting period. Reducing the reporting period to a single month, versus the two consecutive months used in previous Surveys, will simplify the response process for most participants with no significant impact on the quality and validity of Survey results.

Full Service Transactions Accounts vs. Prepaid Card Accounts

BB&T believes the primary distinguishing characteristic between full service transaction accounts and prepaid cards accounts is that the former allow unlimited check-writing access by the account holder and prepaid card accounts do not.

Active Cards Outstanding vs. Number of Accounts with Recent Card Activity for credit, debit and prepaid card accounts

We believe it will be more feasible and useful for the Survey to request the number of active cards outstanding for credit, debit and prepaid cards.

Time period for payment or transaction history in determining if a credit, debit or prepaid card is “active”; types of transactions to be counted toward activity

For debit and prepaid cards, signature or PIN purchase transactions occurring within the most recent 30 days should be counted toward activity. For credit cards, only payment, purchase, cash advance or balance transfer transactions occurring within the most recent 90 days should be counted toward activity. Credit cards should have the longer 90 day time period because they tend to have less frequent activity than debit or prepaid cards.

Debit and Prepaid Card Cash Back Transactions

BB&T is able to report the number and value of cash back transactions for debit cards, but is not able to provide this information for prepaid cards.

Except as noted above, we anticipate being able to provide the information requested in the Survey.

As a final note, we urge the Board to provide clear instructions and definitions along with the Survey to ensure respondents have an accurate understanding of the information being requested, and also to help ensure consistency among Survey responses. The Board should also consider holding conference calls after the Survey is distributed where Board staff can review the Survey and instructions and respondents can ask questions. Some areas of potential confusion are noted below:

- Transaction accounts – Some financial institutions may consider savings accounts to be transaction accounts.
- Card – Are credit, debit and prepaid accounts accessed by a non-card form factor, such as a token, NFC chip, mobile device, etc., to be considered “card accounts”?
- Credit Card – Are charge cards, which require payment in full each billing cycle, to be reported as credit cards?
- Debit Card – Are so called “decoupled debit cards”, which can be issued by a financial institution other than the financial institution that owns the related transaction account, to be reported in the Debit Card category? Are cards that are issued primarily for ATM access, but that can be used for PIN (but not Signature) purchases, to be reported in the Debit Card category?
- ATM – Should respondents report only those ATM cash withdrawals made at their own ATMs, or should cash withdrawals made by a respondent’s debit and prepaid cardholders at foreign ATMs be included?

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- Wholesale Vaults – Is reporting of cash deposits and withdrawals at wholesale vaults limited to just those operated by the reporting financial institution, or is it meant to include those made a wholesale vaults operated by third parties?

Thank you for your consideration of our comments, and please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph S. Blount", with a long horizontal stroke extending to the right.

Joseph S. Blount
Senior Vice President
703 549 1883
jblount@bbandt.com

MasterCard Worldwide
Law Department
2000 Purchase Street
Purchase, NY 10577-2509
tel 1-914-249-2000
www.mastercard.com



November 5, 2012

Via Electronic Mail: regs.comments@federalreserve.gov

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: FR 3066a, b, c, and d

Dear Mr. Frierson:

MasterCard Worldwide (“MasterCard”)¹ submits this comment letter in response to the notice and request for comment issued by the Board of Governors of the Federal Reserve System (“Board”) regarding the collection of retail payments information through the Board’s voluntary Retail Payments Surveys (the “Payments Survey”).² MasterCard’s comments are limited to the Network, Processor, and Issuer Payments Survey (FR 3066b) and the Depository and Financial Institution Payments Survey (FR 3066a). MasterCard appreciates the opportunity to provide its comments.

Comments on the Network, Processor, and Issuer Payments Survey (FR 3066b)

Responses to Information Requests Regarding Draft Survey Form

Request 1.i. *Whether networks can report cash advances received in physical cash form as a subset of total cash advances. (Total cash advances include not only physical cash advances but also other funds transfers such as an electronic transfer to a transaction deposit account or a payment made with credit account funds using a special check issued to the cardholder).*

¹ MasterCard advances global commerce by providing a critical link among financial institutions and millions of businesses, cardholders and merchants worldwide. In the company’s roles as a franchisor, processor and advisor, MasterCard develops and markets secure, convenient and rewarding payment solutions, seamlessly processes more than 27 billion payments each year, and provides analysis and consulting services that drive business growth for its banking customers and merchants. With more than one billion cards issued through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories, and is a partner to more than 20,000 of the world’s leading financial institutions. With more than 33.3 million acceptance locations worldwide, no payment card is more widely accepted than MasterCard.

² See Proposed Agency Information Collection Activities; Comment Request, 77 *Fed. Reg.* 54,912 (Sept. 6, 2012).

MasterCard Comment	For MasterCard-branded credit card transactions, MasterCard is able to report information on cash advances that result in a cardholder obtaining physical cash from a bank teller or an ATM. MasterCard is not able to report on other types of cash advances.
Request 1.ii. and 4.i.	<i>What terms the industry most commonly uses for initiation methods such as near field communication (NFC), near field radio-frequency identification (RFID), the Europay, MasterCard and Visa standard (EMV), and other chip technologies; what terms the industry uses for authorization methods that use dynamic data generated by a card or a network sponsored online verification system; and which initiation and authorization methods are feasible and/or useful to report.</i>
MasterCard Comment	In the MasterCard network, transactions initiated via NFC and RFID technologies are referred to generally as “contactless” payments, regardless of whether the payment transaction is initiated using a card, key fob, or mobile handheld device. Also, in the MasterCard network, contactless payments can be dynamically authenticated in two ways, using dynamic EMV technology known as Chip (or, in the MasterCard system, M/Chip) or using dynamic magnetic stripe technology known as dynamic CVC3 (or, in the MasterCard system, mag stripe <i>PayPass</i>). MasterCard can report information on contactless transactions dynamically authenticated using either technology.
Requests 1.iii. and 4.ii.	<i>Whether networks can distinguish between payments to domestic and foreign payees.</i>
MasterCard Comment	MasterCard can distinguish between payments made to domestic and foreign payees (<i>i.e.</i> , merchants).
Request 4.b.	<i>The Board specifically requests comment on how prepaid cards should be defined in order to develop a consistent definition among responses provided by networks and processors.</i>
MasterCard Comment	We recommend using the definition of “general-use prepaid card” from Regulation II: “a card, or other payment code or device, that is (1) issued on a prepaid basis in a specified amount, whether or not that amount may be increased or reloaded, in exchange for payment; and (2) redeemable upon presentation at multiple, unaffiliated merchants for goods or services.”

Additional Comments Regarding Draft Survey Form

Reporting of Cash Advances and Cash-Back Transactions. The draft survey form for networks asks for information on cash advances and cash back at the point of sale. As discussed above, MasterCard does not have data available on cash advances that do not involve the cardholder receiving physical cash. Also, please note that merchants that participate in the MasterCard network are not required to submit cash back information as part of our network’s transaction authorization, clearing and settlement processes. Therefore, information that MasterCard might submit in this category may not present an accurate picture of debit card cash back transactions occurring in the marketplace.

Reporting of Mobile Payments. The draft survey form for networks asks for information regarding transactions initiated with a mobile device. MasterCard does not currently have a method for separately identifying and reporting MasterCard-branded payments made with a mobile device.

Timing of Survey Distribution and Completion. In the Supplementary Information, the Board notes that it anticipates distributing the Payments Survey materials in the first quarter of 2013 and expects respondents to engage in data collection and reporting *primarily* during the second quarter of 2013. With the demands of other reporting requirements that fall in the first quarter, MasterCard encourages the Board to provide respondents with ample time in the second quarter to complete the Payments Survey and believes that a Payments Survey completion date no earlier than May 31st would be beneficial.

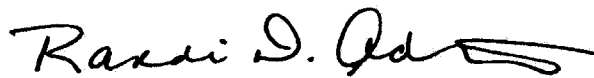
Comments on the Depository and Financial Institution Payments Survey (FR 3066a)

Consistency With Prior Surveys. The Board requested comment on using March 2013 as the reporting period. As noted in the Supplementary Information, prior surveys used March and April as the period of reference for reporting purposes. MasterCard encourages the Board to preserve consistency with prior surveys by continuing to measure both March and April (rather than just March) so that results will be comparable over time. If the Board intends to annualize the reported information, MasterCard encourages the Board to utilize a methodology to annualize reported information that accounts for variations in the use of the different types of payment cards at different times of the year.

* * *

Again, MasterCard appreciates the opportunity to provide comments on the Payments Survey. If there are any questions regarding our comments, please do not hesitate to contact the undersigned at (914) 249-6715 or randi_adelstein@mastercard.com, or our counsel at Sidley Austin LLP in this matter, Joel D. Feinberg, at (202) 736-8473.

Sincerely,



Randi D. Adelstein
Vice President
Managing U.S. Public Policy and Regulatory Counsel

cc: Joel D. Feinberg, Esq.



13450 Sunrise Valley Drive • Suite 100 • Herndon, VA 20171
Phone: 703-561-1100 • Fax: 703-787-0996
eMail: info@nacha.org
www.nacha.org

November 5, 2012

BY EMAIL: regs.comments@federalreserve.gov

Robert deV. Frierson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: FR 3066a, b, c, and d; OMB control number: 7100-TBA

Dear Secretary Frierson:

NACHA – The Electronic Payments Association¹ respectfully submits this response to the Request for Comment regarding Proposed Agency Information Collection Activities (RFC) issued by the Board of Governors of the Federal Reserve System. The RFC requests comment on proposed information collection activities (surveys) and specifically (a) whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions, including whether the information has practical utility; (b) the accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information. These surveys would be designed to collect information needed to support the Federal Reserve System's role in the retail payments system.

¹ NACHA manages the development, administration, and governance of the ACH Network, the backbone for the electronic movement of money and data. The ACH Network serves as a safe, secure, reliable network for direct consumer, business, and government payments, and annually facilitates billions of payments. The ACH Network is governed by the *NACHA Operating Rules*, authored by NACHA, which guide risk management and create certainty for all participants.

NACHA, a not-for-profit organization, helps manage the ACH Network through its board of directors, staff, and various committees. NACHA represents nearly 11,000 financial institutions via 17 regional payments associations and direct membership. Through its industry councils and forums, NACHA brings together payments system stakeholders from all types of organizations to enable innovation that strengthens the industry with creative payment solutions.

NACHA's specific comments are limited to (a) *Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions, including whether the information has practical utility.*

NACHA General Comments.

The ACH Network is the direct payment Network, enabling the direct movement of money and information from one bank account to another. In this regard, the ACH Network plays an important role in the payments landscape, serving as a safe, efficient, high-quality and ubiquitous payments system that enables billions of Direct Deposit via ACH and Direct Payment via ACH payments annually.

The Federal Reserve's triennial payments study serves as a benchmark for the payments industry and provides data that is otherwise unavailable. This unique information identifies industry trends and shapes new opportunities. As such, NACHA has used the information collected from previous surveys to support strategic planning for the ACH Network, and in working with the industry to support payments innovation.

NACHA views the proposed collection of information as consistent with and central to the Federal Reserve's functions as they relate to the promotion of the safety and efficiency of the domestic payments system, which is integral to the national economy. The information that is collected and publicly shared by the Federal Reserve is used in whole or in part by diverse parties in the private and public sectors that have an interest in the continued use and development of solutions that leverage the domestic payments system in a safe and efficient manner. Organizations including financial institutions, processors and solutions providers, end-users, payment network administrators and other stakeholders rely on the output to understand and monitor trends, establish benchmarks, educate users, and inform risk management, product and network strategies.

With the broad reliance on the information, the veracity of the data and the credibility of the party responsible for its collection, analysis and dissemination are critical. Given the Federal Reserve's unique role in the domestic payments system, relationship with entities that utilize it, and demonstrated proficiency and reputation in this regard, NACHA supports the Federal Reserve activities as proposed in FR 3066a, b, c, and d. NACHA does not believe respondents would find the information collection burdensome. In addition, costs to provide such information should be *deminimus*.

With respect to the ACH Network, NACHA supports the requesting respondents to report the number and value of ACH volumes into subcategories to identify interbank ACH payments and help avoid double counting correspondent ACH volumes. This would give a more accurate picture of volume of transactions flowing through the Network.

* * *

If I can be of further assistance, please do not hesitate to contact me at (703) 561-3943 or bsullivan@nacha.org.

Sincerely,

/S/

William D. Sullivan
Senior Director & Group Manager
Government & Industry Relations



Regulatory Comments of the National Restaurant Association

ON: FR DOCKET NO: 2012-21960; FEDERAL RESERVE SYSTEM: PROPOSED AGENCY
INFORMATION COLLECTION ACTIVITIES; COMMENT REQUEST: FR 3066A, B, C, & D.

TO: Mr. Robert deV. Frierson
Secretary, Board of Governors Federal Reserve System
20th Street and Constitution
Washington, DC 20551

VIA: E-MAIL TO: regs.comments@federalreserve.gov

BY: LIZ GARNER – DIRECTOR, COMMERCE & ENTREPRENEURSHIP
202-973-3964; LGARNER@RESTAURANT.ORG

DATE: November 5, 2012

Introduction

On behalf of the members of the National Restaurant Association, we appreciate the opportunity to submit comments on the proposed agency information collection activities of the Board of Governors of the Federal Reserve.

The restaurant industry is extremely supportive of increasing competition and transparency in the United States payments systems marketplace. We believe a strong first step in increasing transparency is to have more public, readily-available information on U.S. payments systems trends, and we are pleased with the voluntary information collection surveys proposed by the Federal Reserve Board of Governors.

We believe the proposed surveys will help provide the Federal Reserve with valuable information on current payments systems trends, and will also provide the restaurant and retail communities with some very valuable insight into different payments volumes, values, and emerging technologies as we explore the different transaction preferences of our customers, and how those preferences may trend in the future. A comprehensive review of consumer and business payment preferences is a critical component to business planning in today's rapidly changing payments landscape with the advent of mobile payments technologies and other major business and consumer cultural shifts in the U.S. payments environment.

Overall, the National Restaurant Association is supportive of the added data transparency these surveys have the potential to deliver, and we appreciate the opportunity to provide the Federal Reserve with our comments and feedback regarding potential ways to enhance the quality, utility, and clarity of the information to be collected.

Background On The U.S. Restaurant And Food Service Industry And The Characteristics That Make It Unique

The National Restaurant Association is the leading business association for the restaurant and food service industry. Our mission is to help our members establish customer loyalty, build rewarding careers, and achieve financial success. The industry is comprised of 970,000 restaurant and food service outlets employing 12.9 million people.¹

Restaurants are job creators – expected to add 1.4 million jobs over the next decade, with employment reaching 14.3 million by 2022. The restaurant industry is an industry of predominantly small businesses, and is the nation's second-largest private-sector employer, comprising over nine percent of the U.S. workforce.

¹ 2012 Restaurant Industry Forecast, National Restaurant Association

The restaurant and food service industry is unique for several reasons. First and foremost, small businesses dominate the industry – with more than seven out of ten eating and drinking establishments being single-unit operators. The current U.S. payments system is too complex for the average small business owner, and this is something the industry would like to see change. Increased transparency, some of which will be provided by the proposed information collection process, is necessary to achieve that change.

The restaurant industry has multiple different point-of-sale environments, including in-store counters, table-service, online catering, etc. As the U.S. payments landscape is rapidly beginning to shift around us, the industry is closely following emerging trends and opportunities to increase customer satisfaction and ease of use, enhance security, and lower transaction and infrastructure (i.e. hardware & software) costs by fostering more marketplace efficiencies. Access to sound, reliable information and research is a critical component to making informed decisions on these fronts, and we greatly appreciate the efforts by the Federal Reserve to enhance the quality and availability of such information.

Suggested Ways to Enhance the Quality of the Surveys

FR3066a

ACH: Under item number 4, we would be very interested in a survey question to capture the number of check transactions converted to ACH at the point-of-sale.

Debit and Prepaid Cards and Credit Cards: Under item numbers 6 and 7, we would be very interested in any information on the number and value of transactions for each category that are transacted on EMV or smart cards, and also on a mobile device if that is information that can be broken out. Potential challenges to segmenting that information may be addressed in item number 9.

Third-Party Payment Fraud: Under item number 10, or perhaps as a separate category, we would be interested in stratified fraud data in all categories by dollar volume. Additionally, we have concerns that the definition of “unauthorized” payments may not capture chargebacks, in which merchants and other parties spend significant time and resources to produce cardholder validation for those payments. We would strongly encourage information collection on the number and value of chargebacks issued annually, what percentage and dollar volume of fraud is borne by the merchant vs. the issuer or any other party in the payments chain, and what dollar volume and value of those chargebacks are “counterfeit” vs. “lost and stolen,” and what the variance is in chargeback liability on each type of chargeback.

FR3066b

Low-Dollar Tickets: As an industry with a number of low dollar tickets at quick-service restaurants and other concepts, we are extremely interested in information on cash substitution trends.

Emerging Technologies & Authorization methods: We believe Sections 2.ii and 4.i will provide extremely valuable background information to businesses who are trying to plan ahead for their future in-store point-of-sale experiences, especially as operators are making investment decisions on equipment with an average life span of three to five years. One item we would recommend expanding in each section that would be extremely helpful in making such decisions is what authentication methods (i.e. signature, PIN, password, etc.) are available for each of the listed emerging technologies (NFC, RFID, EMV, etc.), and what percentage of cards/devices those authentication methods are enabled on.

Prepaid Cards: Under item numbers 5 and 6, we would be interested in additional information on the number and value of prepaid cards considered “dormant,” as well as the payment vehicle used to load value to prepaid cards, and whether or not that vehicle varies based by type of prepaid card.

Mobile Wallets: Under item number 7.1, we would be interested in the number and value of mobile wallet transactions broken down by network. Additionally, we are interested in capturing information on mobile wallet infrastructure costs, such as investments in cloud computing, as well as retail investments in new POS equipment and software programming, if that information is obtainable.

Conclusion

The National Restaurant Association is very appreciative of the opportunity to provide comments on the Federal Reserve Board of Governors Proposed Agency Information Collection Activities.

We believe enhanced information collection is a strong step toward increasing transparency in the payments system to the betterment of American businesses and consumers. We appreciate the opportunity to provide our suggestions for survey enhancement and our industry looks forward to working with the Board in the future.