

**Meeting between Federal Reserve Board Staff  
and the Card Policy Council of the American Bankers Association (“ABA”)  
September 22, 2010**

**Participants:** Louise Roseman (Federal Reserve Board)

Andres Espinosa, E-Bai Koo, Robert Thomson (American Express); Chip Rossi, Beverly Ladley (Bank of America); Amer Sajed (Barclaycard US); Heather Cox, Ryan Schneider, Elisabeth Bresee (Capitol One); William E. Johnson (Citi Holdings); John Carey (Citigroup); Ray Messina, David Nelms (Discover); Mark Begor (GE Capital); Raj Mundy, Eesh Bansal, Brian D. Hughes (HSBC); William S. Wallace, Tom Koonce (JPMorgan Chase); Pam Joseph, Walter Price (US Bancorp); Stephen Basilotto (USAA); Dan McDermott (Visa); Michael McCoy, Dan Archer, Ed Kadletz (Wells Fargo); Kenneth Clayton and Ed Yingling (American Bankers Association)

**Summary:** Staff of the Federal Reserve met with representatives of the Card Policy Council of the ABA to discuss the interchange fee provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). Ms. Roseman first provided a general overview of the Federal Reserve Board’s process for developing proposed regulations to implement the interchange fee provisions of the Act. Ms. Roseman also discussed the meetings Federal Reserve Staff have held with various interested parties to deepen the staff’s understanding of various facets of the debit card industry; and the surveys staff recently sent to issuing banks, payment networks, and merchant acquirers to obtain information on costs, network fees, fraud prevention costs, and fraud losses associated with debit card transactions. She noted that trade groups for merchants, community banks, and credit unions had indicated that they planned to provide Federal Reserve staff with additional information to supplement the information obtained by the Federal Reserve through these surveys.

Responding to questions, Ms. Roseman noted that Federal Reserve staff is reviewing rate-setting models used in other regulated industries and governmental interchange fee interventions in other countries. She also discussed the concerns raised by small institutions that payment card networks may set the interchange fee for all issuers, including small issuers not subject to the Act’s interchange fee restrictions, to a fee that would be permissible under the Board’s rule. Members of the Card Policy Council highlighted the challenges of implementing the Board’s final rules in a very short time frame.