Meeting between Federal Reserve Staff and
Representatives of the Network Branded Prepaid Card Association
May 18, 2011

Participants: Louise Roseman, David Mills, Mark Manuszak, Edith Collis, Julia Cheney and Dena Milligan (Federal Reserve Board)

Kirsten Trusko (NBPCA); Terry Maher (Baird Holm); Tim Wall and Louise Berry (Citi); Ralph Calvano (FIS); Rick Pileggi (US Bank); and Carrie Vrieas and Alex Miller (Visa)

Summary: Federal Reserve staff held a teleconference with representatives of NBPCA as a follow-up to a discussion held on May 13, 2011, to discuss factors that drive differences in processing costs between debit card transactions and prepaid card transactions in connection with the Board's proposed rule to implement the Durbin Amendment to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). Representatives of NBPCA noted that debit cards access demand deposit accounts, which are at the core of the bank-customer relationship, whereas prepaid cards typically are an isolated product, unconnected with other aspects of the bank-customer relationship. Accordingly, the setup costs associated with the establishment of a prepaid account are borne entirely by the prepaid account, rather than shared among other products. Representatives of NBPCA also discussed the similarities and differences between debit cards and prepaid cards with respect to the means of accessing funds, such as access by check or ACH, and how the loading of funds to prepaid cards is a key part of the overall processing of these accounts.