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December 17, 2013

*Via Email (regs.comments@federalreserve.gov)*

Robert deV. Frierson  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: OMB Control Number 7100-0344—Proposed Information Collection Activities

Dear Mr. Frierson:

MasterCard Worldwide (“MasterCard”)<sup>1</sup> submits to the Board of Governors of the Federal Reserve System (“Board”) the following comments in response to the Board’s request for comment on its information collection proposal under Section 920(a) of the Electronic Fund Transfer Act (“Proposal”). MasterCard appreciates the opportunity to offer our comments on the Proposal.

### ***Background on MasterCard***

MasterCard does not issue payment cards of any type (credit, debit or prepaid), nor does it contract with merchants to accept those cards. MasterCard operates a payment system in which those functions are performed in the United States by numerous banks. MasterCard refers to the banks that issue payment cards bearing the MasterCard brands as “issuers.” MasterCard refers to the banks that enter into contracts with merchants to accept MasterCard-branded payment cards as “acquirers.” MasterCard owns the MasterCard family of brands and licenses issuers and acquirers to use those brands in conducting payment transactions. MasterCard also provides the networks through which issuers and acquirers interact to complete payment transactions, and sets certain rules regarding those interactions.

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<sup>1</sup> 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 34 billion payments each year, and provides analysis and consulting services that drive business growth for its banking customers and merchants. With more than 1.15 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 35.9 million acceptance locations worldwide, no payment card is more widely accepted than MasterCard.

## ***MasterCard's Comments on the Proposal***

MasterCard wishes to comment on two aspects of the Proposal. First, we respond to the Board's request for comment regarding the ability of a payment card network to process single-message (PIN-authorization) transactions across dual-message (signature-authorization) networks, and vice versa. Second, we respond to the Board's proposal to release certain information from its survey of debit card networks on a network level, rather than in the aggregate, by total or as an average, as it has done in the past. Our specific comments follow.

### **A. Cross-Routing of Debit Transactions**

The Board has requested comment "on a payment card network's ability to process single-message transactions across dual-message networks and vice versa" ("cross-routing"). We are not aware of any current examples of cross-routing of debit card transactions across unaffiliated payment card networks.<sup>2</sup> Developing this capability would require a massive investment of resources and a significant amount of time, as it would raise considerable logistical and technical challenges. Also, because of issues including differing technologies, data formats and transaction processing standards and network rules used by the more than two dozen U.S. debit card networks, cross-routing would require extensive industry coordination to establish protocols and agreed-upon terms for handling transactions. Cross-routing of debit card transactions across unaffiliated payment card networks is therefore not presently feasible.

### **B. Publication of Payment Card Network Survey Response Information**

The Board proposes to revise the confidentiality statement in its survey of payment card networks to indicate that the Board may publish the following information identified by network, rather than in the aggregate, by total or as an average, as it has in the past: the percent of total number of transactions for exempt and non-exempt issuers; the percent of total value of transactions for exempt and non-exempt issuers; and the average transaction value for exempt, nonexempt, and all issuers.<sup>3</sup> The Board's justification for this revision is that the network-level information "may be useful" to issuers and merchants in choosing payment card networks in which to participate and to policymakers in assessing the effect of Regulation II on the level of interchange fees received by issuers over time.

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<sup>2</sup> Within *our own* payment card network – where there are a single set of rules, requirements, technologies and a single common cross-border interchange – MasterCard processes single-message Maestro transactions over MasterCard's dual-message system and vice versa for certain cross-border transactions in the European Union. This occurs with cross-border transactions because the domestic technologies differ, not in order to enable any type of cross-routing.

<sup>3</sup> The Board asserts that the information it proposes to publish on a network-level basis "can already be calculated based on the information the Board currently releases on average interchange fees." We have independently attempted to calculate this additional information based only on the information that the Board currently releases. While we have been able to calculate some of the information that the Board proposes to publish on a network-level basis using only the data currently published by the Board, we have not been able to calculate all of this information using only the data currently published by the Board.



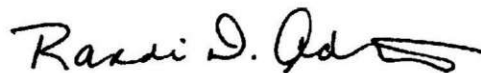
It is not clear how the proposed new disclosures would be useful in this regard, and the Board should articulate a more specific justification under Section 920(a) of the Electronic Fund Transfer Act for a disclosure of otherwise confidential business information. The existing survey already requires MasterCard to disclose to the Board information about our business that is not otherwise made public and that would not be disclosed if not required by the Board's regulations. It no doubt "may be useful" in ways beyond the scope and purpose of Section 920(a) to issuers, merchants, competing networks and various other participants in the payments industry to know many proprietary details regarding the operation of our payment system. However, without any meaningful explanation of how the information that the Board proposes to publish would benefit issuers and merchants in a way contemplated by Section 920(a), we believe that the Board's current justification does not constitute a public policy rationale that justifies the publication of additional non-public and proprietary data. Also, we believe that the current disclosures provide policymakers with ample information to assess the effect of Regulation II on interchange fees. Finally, we note that this aspect of the Proposal represents a change from the Board's original statement of intent with regard to its disclosure of information based on the survey of payment card networks. The Board originally stated that the only data it intended to publish on a network level was "a list of the average interchange fees each network provides to its covered issuers and to its exempt issuers."

For the foregoing reasons, we urge the Board not to revise the confidentiality statement or to expand the disclosure of information as described in the Proposal.

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MasterCard appreciates the opportunity to provide our comments on the Proposal. If there are any questions regarding our responses, or if you would like to discuss our responses in further detail, please do not hesitate to contact the undersigned at (914) 249-6715 or [randi\\_adelstein@mastercard.com](mailto: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, Senior Managing Counsel  
U.S. Regulatory and Public Policy

cc: Joel D. Feinberg