



**Alex Miller**  
Associate General Counsel  
Global Business Operations

*By Electronic Delivery*

November 14, 2011

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Ave., N.W.  
Washington, DC 20551

Re: Information Collections FR 3064a and 3064b

Ladies and Gentlemen:

This letter is submitted on behalf of Visa Inc. (“Visa”) in response to the proposed information collections FR 3064a, Debit Card Issuer Survey (“Issuer Survey”), and 3064b, Payment Card Network Survey (“Network Survey”) under section 920 of the Electronic Fund Transfer Act (“EFTA”). The stated purpose of these collections is to enable the Board to meet its obligations under section 920(a)(3) to disclose aggregate or summary information concerning the costs incurred and interchange fees charged or received by issuers and payment card networks in connection with the authorization, clearance or settlement of electronic debit transactions. We understand that the information collected in these surveys will also inform the Board’s establishment of standards for assessing whether the amount of interchange transaction fees subject to the limitation in section 920(a)(2) of the EFTA are reasonable and proportional to the issuer costs and the Board’s allowance of any fraud prevention adjustment under section 920(a)(5) of the EFTA.

As a general matter, Visa encourages the Board to view these information collection efforts as processes as opposed to simple requests for information. Visa believes that the categories of information requested are not well defined or well understood. The Board is requesting information that is primarily cost data. These data currently are not required to be collected in any standardized way, and any descriptions of these data developed by the Board, no matter how detailed, will inevitably be subject to varying interpretations by the issuers and networks responding to the surveys. In order to maximize the validity and consistency of the data collected, Visa believes that, in addition to refining the survey forms in response to comments received on the proposed information collections, the Board should consider educational efforts to explain the final forms to issuers and networks and review the data it ultimately receives to identify and resolve possible differing interpretations of the information

requested. In addition Visa has a number of specific comments on the proposed surveys, as set forth below.

### **Timing**

Visa believes that the timing of the Network Survey will be difficult. The Network Survey contemplates that it would be posted in January with responses due within 30 days. Full year 2011 data, however, will not be available until late January and, even then, will be preliminary. The Issuer Survey is contemplated to be made available in mid February with a 60-day response period; however, a footnote suggests that in future years the Issuer Survey will be available in mid January. It is not apparent why the Network Survey needs to be completed before the Issuer Survey. As the Issuer Survey is currently expected to be completed in mid April, Visa believes that the Network Survey responses should be due at the same time.

### **Exempt Transactions**

The Network Survey calls for distinguishing exempt from non-exempt transactions both due to the exemption for smaller issuers and due to the exemption for certain prepaid cards. As networks and issuers were only required to separately identify these transactions for the fourth quarter of 2011, these data will be less reliable for the first three quarters of 2011.

### **Allocations**

The Issuer Survey states that for shared costs, costs should be allocated based on the number of transactions. No similar statement is included in the Network Survey. While Visa does not believe that a cost allocation based on number of transactions is necessarily the most appropriate allocation in all circumstances, Visa recognizes that some standardization of allocation methodologies may be necessary in order to maximize the comparability of data. In this regard, a number of Visa fees apply across exempt and non-exempt products and, in the case of sponsored BINs, across exempt and non-exempt issuers. These fees will need to be allocated accordingly. Visa assumes that allocations by the networks on any basis permitted for issuers would be appropriate.

### **Incentive Payments to Issuers**

The Issuer Survey and the Network Survey request data regarding the payments and incentives paid by networks to issuers. The scope of the payments and incentives covered by these data requests is not clear, and could result in inconsistent responses. Certain payments to issuers are included in the "net compensation" calculation under the rules adopted by the Board to implement section 920. Despite the regulatory language and a number of clarifying frequently asked questions, certain elements of the net compensation calculation remain uncertain. Visa

believes that the Board needs to provide further clarification on the payments to issuers that are contemplated by these requests in the Surveys.

### **Cost Categories**

The Issuer Survey and the Network Survey request costs and payments by categories. These categories are often broken down into subcategories. As noted above, there is no standard method for classifying cost data and the Board's cost categories or subcategories may not match categories used by individual institutions, requiring allocations of costs within the categories of costs that are tracked by the institutions. Because networks and issuers track costs and payments in different ways, there may be no standardized approach to dealing with many costs and payments and therefore no way to avoid the allocation process and the attendant imprecision of the data collected. To a certain extent, Visa believes this difficulty cannot be avoided in the near term. However, in certain circumstances industry cost classifications have been developed and should be used by the Surveys. For example, in the area of fraud costs in the Issuer Survey, Visa believes that the following categories would more closely track industry practice: Card-not-present, Counterfeit, Lost, Stolen, Not received as issued, and Other, with the listed category "Account takeover" included in "Other."

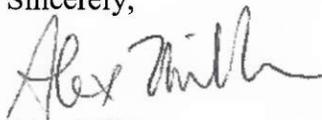
### **Jurisdiction**

The Issuer Survey and the Network Survey define the United States to include the Federal States of Micronesia, the Republic of the Marshall Islands and Palau. Due to changes in their legal status, Visa does not believe that these jurisdictions should be considered to be territories or possessions of the United States under the Board's rules to implement section 920.

\* \* \* \*

We appreciate the opportunity to comment on this matter. If you have any questions concerning the issues raised in this letter, do not hesitate to contact me.

Sincerely,



Alex Miller  
Associate General Counsel