

October 10, 2013 - DRAFT

FR 3064a
OMB No. 7100-0344
Approval expires December 31, 2014

DEBIT CARD ISSUER SURVEY



Survey Period:
Calendar Year ~~2011~~[2013](#)

General Instructions

About this Survey

Section 235.8(b) of the Federal Reserve Board's Regulation II requires that issuers covered by the interchange fee standards in Regulation II file reports with the Board. This survey serves as this report. The survey solicits information from calendar year ~~2011~~2013 regarding (1) volumes and values of debit card transactions; (2) volumes and values of chargebacks and returns to merchants; (3) the costs incurred in connection with the authorization, clearance, and settlement of debit card transactions; (4) other costs incurred in connection with particular debit card transactions; (5) costs incurred by debit card issuers to prevent fraud in debit card transactions; (6) interchange fees charged or received by debit card issuers in connection with debit card transactions; and (7) the incidence and loss associated with fraudulent debit card transactions. For purposes of this survey, transactions over three-party systems are not included.

In addition, Section 235.8(c) of the Federal Reserve Board's Regulation II requires that issuers covered by the interchange fee standards in Regulation II retain records that demonstrate compliance with the requirements of Part 235 for not less than five years after the end of the calendar year in which the debit card transaction occurred.

Your Participation

To achieve the most reliable results, it is important that you respond completely and accurately. Please leave no survey item blank.

There are **three possible ways** to answer a survey question:

Enter a Value: The actual numeric value of the data element.

Enter a Zero: When the calculated value equals zero. **Please do not enter a non-numeric value**, e.g. "NA" or "NR," when the value equals zero.

Enter "NR" (Not Reported): If your institution engages in the activity of the type being measured but you are unable to report a figure that reflects that activity. **Please do not enter "NA."**

If for any reason you cannot provide complete data or you have questions please contact Edith Collis at 202-452-3638 or e-mail debit.card.surveys@frb.gov for assistance.

The survey will be made available online at <https://www.federalreserve.gov/debitcardsurveys>. Please complete the survey by ~~April 16, 2012~~March 17, 2014.

Response Confidentiality and Burden

The Federal Reserve Board regards the individual organization information provided by each respondent as confidential (5 U.S.C. § 552(b)(4)). The Board, however, may publish aggregate or summary information in a way that does not reveal your individual organization's confidential information. If it should be determined subsequently that any information collected on this form must be released, the respondents will be notified.

Public reporting burden for this collection of information is estimated to be ~~160-200~~ hours per response, including the time to gather data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or via email to

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regs.comments@frb.gov; and to the Office of Management and Budget, Paperwork Reduction Project (7100-~~to-be-assigned~~0344), Washington, D.C. 20503. The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Section I: Respondent Information

1. Name of the debit card issuer covered in this response

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2. Contact person(s) by section of the survey for which responsible

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

3. Do you have a ~~general-use prepaid~~ card program?
If yes, please complete "Section V: General-Use Prepaid Card Transactions."

☐ Yes

☐ No

Section II: All Debit Card Transactions (including general-use prepaid card transactions)

Please enter totals only for transactions and associated costs related to debit cards linked to U.S.-domiciled accounts involving a merchant located in the United States during the calendar year (CY) ~~2011~~2013.

Include: All debit card transactions (including **general-use prepaid card** transactions).
Both consumer and business card transactions.

Do Not Include: ATM or credit card transactions.

1. CY ~~2011~~2013 debit card transactions (including general-use prepaid card transactions)

Volume **Value (\$)**

1a. Settled purchase transactions (excluding pre-authorizations, denials, adjustments, and returns)

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Card-present vs. card-not-present transactions

Volume **Value (\$)**

1b. Allocate "1a. Settled purchase transactions" between the following categories: *1b.1 + 1b.2 = 1a*

1a:	1a:
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1b.1 Card-present transactions

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1b.2 Card-not-present transactions

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General-use prepaid card transactions vs. all other debit card transactions

Volume **Value (\$)**

1c. Allocate "1a. Settled purchase transactions" between the following categories: *1c.1 + 1c.2 = 1a*

1a:	1a:
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1c.1 General-use prepaid card transactions

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1c.2 All other debit card transactions

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General-use prepaid card exemption:

Exempt vs. non-exempt general-use prepaid card transactions

Volume

Value (\$)

1d. Allocate "**1c.1 General-use prepaid card transactions**" between the following categories:
 $1d.1 + 1d.2 + 1d.3 = 1c.1$

1c.1:

1c.1:

1d.1 All general-use prepaid card transactions between January 1 and September 30, 2011.

1d.2 General-use prepaid card transactions **exempt** from the interchange fee standards between October 1 and December 31, 2011.

1d.3 General-use prepaid card transactions **not exempt** from the interchange fee standards between October 1 and December 31, 2011.

2. CY ~~2011~~2013 chargebacks and returns

Volume

Value (\$)

2a. Total **chargebacks to acquirers**
 Report all chargebacks ~~sent~~settled in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

2b. Allocate "**2a. Total chargebacks to acquirers**" between the following categories:
 $2b.1 + 2b.2 = 2a$

2a:

2a:

2b.1 Fraud-related chargebacks

2b.2 All other chargebacks (not related to fraud)

2c. Total **returns ~~to~~from acquirers**
 Report all returns sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Specific Instructions for Question 3:

Include: ~~All costs~~Costs of authorization, clearance, and settlement of all purchase transactions, chargebacks, returns, and other non-routine transactions (e.g. errors).
~~All fixed and variable cost components.~~
~~Transactions monitoring costs that are a part of authorization.~~
Both costs associated with interbank settlement and account posting.
In-house costs, (including costs incurred by affiliated processors—see glossary), network processing fees, and third-party processing fees.
Examples of in-house costs: ~~All fixed and variable cost components of labor~~Labor, equipment/hardware, and software associated with authorization, clearance, and settlement of debit card transactions.
Examples of third-party processing fees: Billed processing fees net of any rebates received tied to the authorization, clearance, and settlement of debit card transactions. This should include billing for returns, chargebacks, and other error processing.
Examples of network processing fees: Switch fees and any other billed network fees ~~net of any rebates received~~ tied to the authorization, clearance, and settlement of debit card transactions net of any rebates received.

Do Not Include: Any costs that are not specifically related to the authorization, clearance, and settlement of purchase transactions, chargebacks, and other non-routine transactions. For example, do not include costs related to corporate overhead, account relationships, rewards programs, non-sufficient funds handling, non-sufficient funds losses, cardholder inquiries, card production and delivery, fraud losses, and fraud prevention costs ~~that, even if those costs are not~~ incurred as part of authorization, ~~and fraud losses~~. In the case of general-use prepaid card transactions, do not include costs associated with funds loads or account set-up and maintenance.

For fees paid for third-party services such as processors and networks and network fees:
Report actual costs net of any rebates received.

For capital expenditures associated with authorization, clearance, and settlement:
Report costs that ~~are~~were depreciated or amortized during ~~2011-2013~~ using the U.S. Generally Accepted Accounting Principles (GAAP) or the International Financial Reporting Standards (IFRS).

For costs shared with other card programs or activities:
Allocate the costs based on the number of transactions. For example, if your institution has shared costs for debit and credit card operations, allocate those costs to debit card operations based on the proportion of debit card transactions to total debit and credit card transactions.

For in-house costs incurred as a result of outsourcing to an affiliated processor under the same holding company:

Report actual costs incurred by the processing affiliate and not the price charged to the issuer.

For fixed and variable costs:

Refer to the definitions in the glossary.

3. CY ~~2011~~2013 costs of authorization, clearance, and settlement

Dollars (\$)

3a. Costs of authorization, clearance, and settlement

3b. Allocate "3a. Costs of authorization, clearance, and settlement" between the following categories:
 $3b.1 + 3b.2 + 3b.3 = 3a$

3b.1 In-house costs

3b.2 Third-party processing fees

3b.3 Network processing fees

3c. Does your institution outsource processing to a processing affiliate under the same holding company?
If yes, costs should be included as in-house costs in 3b.1.

[] Yes

[] No

3d. Does your answer in "3a. Costs of authorization, clearance, and settlement" include an allocation of the debit card portion of shared costs?

[] Yes

[] No

If yes, please comment on what types of costs are shared: and with which other activity(ies):

3e. Allocate "3b.1 In-house costs" between the following categories:
 $3e.1 + 3e.2 = 3b.1$

3e.1 Fixed costs

3e.2 Variable costs

3f. Allocate "3b.2 Third-party processing fees" between the following categories:
 $3f.1 + 3f.2 = 3b.2$

3f.1 Fixed costs

3f.2 Variable costs

3a:

3b.1:
3b.2:

Specific Instructions for Question 4:

Include: All relevant costs that are associated with debit card transactions.
All fixed and variable cost components.

Examples for cardholder inquiries: Inquiries about transactions details, errors, and potential fraudulent activity.

Examples for cardholder rewards: Rewards paid out to cardholders during [2011-2013](#) even if those rewards were not earned in [2011-2013](#).

Examples for ~~non-sufficient~~ non-sufficient funds handling: Costs of collection activities and reporting the account to credit agencies.

Do Not Include: Any costs that are NOT associated with debit card transactions.

Examples for cardholder inquiries: Inquiries regarding account balances, rewards programs, credit card transactions, and ATM transactions.

Examples for cardholder rewards: Rewards program administration costs and affinity partner revenue-sharing, and rewards earned by cardholders in [2011-2013](#), but not paid out in [2011-2013](#).

Examples for non-sufficient funds handling: Amount of or losses from such transactions.

For capital expenditures ~~associated~~:

Report costs that ~~are~~were depreciated or amortized during [2011-2013](#) using the U.S. Generally Accepted Accounting Principles (GAAP) or the International Financial Reporting Standards (IFRS).

For costs shared with other card programs or activities:

For cardholder inquiries: Allocate the costs based on the number of inquiries. For example, if your institution has a shared call center for debit and credit cards, allocate those costs to debit card transactions based on the proportion of inquiries related to debit card transactions relative to total cardholder inquiries.

For ~~cardholder rewards and~~ non-sufficient funds handling: Allocate the costs based on the number of [non-sufficient funds](#) transactions. For example, if your institution has shared costs for [non-sufficient funds handling of](#) debit ~~and credit~~ card ~~operations and check transactions~~, allocate those costs to debit card operations based on the proportion of [non-sufficient funds](#) debit card transactions to total ~~debit and credit card~~ [non-sufficient funds](#) transactions.

4. CY ~~2011~~2013 costs associated with a particular debit card transaction that are not authorization, clearance, and settlement costs

Cardholder inquiries

Dollars (\$)

4a. Costs of **cardholder inquiries** associated with particular debit card transactions ~~that are not authorization, clearance, and settlement costs~~

4b. Allocate "4a. Costs of **cardholder inquiries** associated with particular debit card transactions ~~that are not authorization, clearance, and settlement costs~~" between the following categories:
 $4b.1 + 4b.2 = 4a$

4b.1 Costs related to **possible fraudulent debit card transactions**

4b.2 Costs **not** related to possible fraudulent debit card transactions

4a:

Cardholder rewards

Dollars (\$)

4c. Costs of **cardholder rewards** associated with particular debit card transactions ~~that are not authorization, clearance, and settlement costs~~

Non-sufficient funds handling

Dollars (\$)

4d. Costs of **non-sufficient funds handling** associated with particular debit card transactions ~~that are not authorization, clearance, and settlement costs~~

5. CY ~~2011~~2013 fraud prevention and data security costs

Dollars (\$)

5a. Total fraud prevention and data security costs

Less: **5a.1 Transactions monitoring costs** tied to authorization

Less: 5a.2 Your answer to “**4b.1** Costs related to possible fraudulent debit card transactions”

4b.1:

**5b. Fraud prevention and data security costs
net of transactions monitoring and
cardholder inquiry costs**

$$5b = 5a - 5a.1 - 4b.1$$

5c. Fraud prevention activities

Below are some common fraud prevention activities that an issuer may engage in. The list is not meant to be exhaustive but rather serves as a way to track the prevalence of existing fraud prevention techniques. Check all that apply.

☐ Transaction monitoring

☐ **Merchant blocking**

[] Data security

[] PIN customization

☐ Other

Other fraud prevention activities:

In order to track both existing and emerging fraud prevention and detection techniques, please list activities not listed above and provide a brief description.

6. CY ~~2011~~2013 interchange fee revenue

Dollars (\$)

6a. Total interchange fee revenue received
(gross interchange fee revenue)

6a.1 Interchange fees reimbursed to acquirers as a result of **chargebacks**
Report reimbursements for all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

6a.2 Interchange fees reimbursed to acquirers as a result of **returns**
Report reimbursements for all returns sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

7. CY ~~2011~~2013 fraudulent transactions: number

Number

7a. Total number of fraudulent transactions

7b. Allocate "7a. Total number of fraudulent transactions" between the following categories:
To the extent possible, include each fraudulent transaction in only one category consistent with how your institution categorizes the loss associated with the fraudulent activity.

7b.1 Card-not-present

7b.2 Counterfeit

7b.3 Lost and stolen

7b.4 Other

7a:

Please describe the types of fraudulent transactions included in "**7b.4 Other**":
To the extent possible, list the type of fraud and the number of transactions associated with that fraud.

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8. CY ~~2011~~2013 fraud losses: value (all types)

Dollars (\$)

8a. Gross value of fraudulent transactions

Less: **8a.1 Fraud-related chargebacks to acquirers** net of representments
Report all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Less: **8a.2 Losses absorbed by cardholders**
Report all losses absorbed in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

8b. Losses incurred by issuer
 $8b = 8a - 8a.1 - 8a.2$

9. CY ~~2011~~2013 fraud losses: value (card-not-present)

Dollars (\$)

9a. Gross value of fraudulent transactions

Less: **9a.1 Fraud-related chargebacks to acquirers** net of representments
Report all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Less: **9a.2 Losses absorbed by cardholders**
Report all losses absorbed in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

9b. Losses incurred by issuer
 $9b = 9a - 9a.1 - 9a.2$

10. CY ~~2011~~2013 fraud losses: value (counterfeit)

Dollars (\$)

10a. Gross value of fraudulent transactions

Less: 10a.1 Fraud-related chargebacks to

acquirers net of representments

Report all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Less: 10a.2 Losses absorbed by cardholders

Report all losses absorbed in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

10b. Losses incurred by issuer

$$10b = 10a - 10a.1 - 10a.2$$

11. CY ~~2011~~2013 fraud losses: value (lost and stolen)

Dollars (\$)

11a. Gross value of fraudulent transactions

Less: 11a.1 Fraud-related chargebacks to

acquirers net of representments

Report all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Less: 11a.2 Losses absorbed by cardholders

Report all losses absorbed in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

11b. Losses incurred by issuer

$$11b = 11a - 11a.1 - 11a.2$$

12. CY ~~2011~~2013 fraud losses: value (other)

Dollars (\$)

12a. Gross value of fraudulent transactions

Less: **12a.1 Fraud-related chargebacks to acquirers** net of representments

Report all chargebacks sent in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

Less: **12a.2 Losses absorbed by cardholders**

Report all losses absorbed in CY ~~2011~~2013 regardless of the date the original purchase transaction took place.

12b. Losses incurred by issuer

12b = 12a – 12a.1 – 12a.2

Section III: All Single-Message (PIN) Debit Card Transactions

(excluding general-use prepaid card transactions)

Exact copy of Section II above (except 1c and 1d would be removed) but for single-message (PIN) debit programs (except 1c and 1d would be removed) only.

Section IV: All Dual-Message (Signature) Debit Card Transactions

(excluding general-use prepaid card transactions)

Exact copy of Section II above (except 1c and 1d would be removed) but for dual-message (signature) debit programs (except 1c and 1d would be removed) only.

Section V: General-Use Prepaid Card Transactions

Exact copy of Section II except 1c will be modified to include a breakout of signature and PIN transactions as below, and 1d would be removed.

General-use prepaid card transactions processed over PIN vs. signature payment card networks	Volume	Value (\$)
1c. Allocate “ 1a. Settled purchase transactions ” between the following categories: $1c.1 + 1c.2 = 1a$	1a:	1a:
1c.1 Single message (PIN) transactions		
1c.2 Dual message (signature) transactions		

Glossary of Terms

Acquirer: A person that contracts directly or indirectly with a merchant to provide settlement for the merchant's electronic debit transactions over a payment card network. An acquirer does not include a person that acts only as a processor for the services it provides to the merchant.

Cardholder inquiries associated with debit card transactions: Cardholder communication with a debit card issuer related to specific debit card transactions, such as inquiries about transactions details, errors, and potential fraudulent activity. These do not include inquiries that are not related to specific debit card transactions, such as account balances, rewards programs, credit card transactions, and ATM transactions.

Cardholder rewards: Incentive payments given to cardholders as a result of particular debit card transactions.

Card-not-present fraud: Fraud related to card-not-present transactions.

Card-not-present transaction: Settled purchase transaction where the purchaser does not physically present the card to the merchant, such as an Internet, telephone, or mail order transaction.

Card-present transaction: Settled purchase transaction ~~that is not a card-not-present transaction~~ where the purchaser physically presents the card to the merchant.

Chargeback to acquirer: The reversal of the dollar value of a particular transaction, in whole or in part, by the card issuer to the acquirer. A chargeback may be for, but not limited to one of, the following reasons: customer disputes, fraud, processing errors, authorization issues, and non-fulfillment of copy requests.

Costs of authorization, clearance, and settlement: These costs include ~~transactions-monitoring costs~~, in-house costs, third-party processing fees, and network processing fees. These costs do not include, for example, costs related to corporate overhead, account relationships, rewards programs, non-sufficient funds handling, non-sufficient funds losses, cardholder inquiries, card production and delivery, fraud losses, and fraud-prevention costs ~~that, even if those costs~~ are not incurred as part of authorization, ~~and fraud losses~~. These costs do not include costs associated with funds loads (or deposits) or account set-up and maintenance. These costs should be provided for purchase transactions, chargebacks, and other non-routine transactions.

Counterfeit fraud: Fraud identified as having occurred through the use of a counterfeit reproduction of a debit card.

Debit card: Any card or other payment code or device, issued or approved for use through a payment card network to debit an account, regardless of the means of authorization, and regardless of whether the issuer holds the account. A debit card includes any general-use prepaid card. It does not include (1) any card or other payment code or device that is redeemable upon presentation at only a single merchant, or an affiliated group of merchants for goods or services, or (2) a check draft or similar paper instrument, or an electronic representation thereof.

Debit card transaction: Use of a debit card (including a general-use prepaid card) by a person as a form of payment in the United States to initiate a debit to an account. It does not include transactions initiated at an ATM.

Dual-message (signature) transaction: Transaction type by which authorization information is carried in one message and clearance information is carried in a separate message.

Exempt general-use prepaid card transaction: Transaction using a general-use prepaid card that is exempt from the interchange fee standards in Regulation II, specifically (1) a transaction made using a general-use prepaid card that has been provided to a person pursuant to a federal, state, or local government-administered payment program through which the cardholder may use the debit card only to transfer or debit funds, monetary value, or other assets that have been provided pursuant to such program; (2) a transaction made using a general-use prepaid card that is (i) not issued or approved for use to access or debit any account held by or for the benefit of the cardholder (other than a subaccount or other method of recording or tracking funds purchased or loaded on the card on a prepaid basis), (ii) reloadable and not marketed or labeled as a gift card or gift certificate, and (iii) the only means of access to the underlying funds, except when all remaining funds are provided to the cardholder in a single transaction.

Fixed costs: Costs that do not vary with changes in the number or value of transactions over the course of the reporting period. For in-house fixed costs, these include all capital expenditures that were depreciated or amortized. For third-party processing fees, these include fees that are not assessed on a per-transaction or ad valorem basis. For example, fees associated with minimum volume commitments to third-party processors should be reported as fixed costs.

Fraud-related chargeback: The value of a fraudulent debit card transaction that is charged back to acquirers.

Fraud-related chargebacks to acquirers net of representments: The value of fraudulent debit card transactions that are charged back to acquirers less the value of representments made by acquirers to debit card issuers.

General-use prepaid card: 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. NOTE: An institution is an issuer of a general-use prepaid card if that institution serves as a BIN sponsor for a prepaid card program such that (1) the institution authorizes the cardholder to use the card to perform electronic debit card transactions that access the funds in a pooled account, and (2) the cardholder's relationship is with that institution. Include in your response information regarding prepaid cards for which your institution serves as a BIN sponsor in this way.

Gross value of fraudulent transactions: The total value of fraudulent debit card transactions before any recoveries or chargebacks.

In-house costs: Costs of authorization, clearance, and settlement functions that are not outsourced to third parties. Include costs incurred by the card issuer or its affiliated processor (i.e., a processor in the same holding company).

Losses absorbed by cardholders: The value of losses that an issuer recovers from its cardholders. Include any chargebacks to cardholder accounts.

Lost and stolen fraud: Fraud identified as having occurred through the use of a lost or stolen debit card.

Network processing fees: Total fees charged by payment card networks for services that are required for the network processing of transactions. They do not include any fees for optional services related to transaction processing that may be provided by a payment card network or an affiliate of a payment card network. They do not include any network fees, such as membership or license fees, that are not directly linked to the processing of transactions, ~~such as membership or license fees.~~

Non-sufficient funds handling costs: Costs of handling of events in which an account does not have enough funds to settle an authorized debit card transaction between the time of authorization of that transaction and the settlement of that transaction.

Return to acquirer: A transaction, in whole or in part, that is returned to an acquirer for the return of goods and services by the cardholder.

Settled purchase transaction: A debit card transaction that has been settled. Exclude transactions that are pre-authorizations, denials, adjustments, and returns.

Single-message (PIN) transaction: Transaction type by which authorization and clearance information is carried in one message.

Third-party processing fees: Fees paid to [external/unaffiliated](#) service providers for services related to the authorization, clearance, and settlement of debit card transactions that are performed by those service providers on behalf of the debit card issuer. Service providers may include payment card networks or affiliates of payment card networks to the extent that such parties provide optional services related to transaction processing. They do not include other fees charged by a payment card network for services that are required for the network processing of transactions or fees charged by an affiliated processor (i.e., a processor in the same holding company).

Three-party systems: Systems where debit transactions are processed by an entity that acts as system operator and issuer, and may also act as the acquirer.

Total fraud-prevention and data-security costs: Costs related to activities aimed at identifying and preventing debit card fraud, costs related to the monitoring of the incidence of, reimbursements received for, and losses incurred from debit card fraud, costs related to responding to suspected and realized debit card fraud in order to prevent or limit losses, costs incurred in securing the data processing and communications infrastructure of debit card operations, and costs incurred in the development or improvement of fraud-prevention technologies.

Total interchange fee revenue received: Total value of fees received that are established, charged, or received by a payment card network and paid by a merchant or an acquirer for the purpose of compensating an issuer for its involvement in the debit card transaction.

Total number of fraudulent transactions: The total number of all fraudulent debit card transactions identified by the issuer. Include fraudulent transactions charged back to acquirers.

Transactions monitoring costs: Costs related to programs that monitor transactions in order to assist in the authorization process by providing information to the issuer before the issuer decides to approve or decline the transaction. These costs include the costs of neural networks and fraud-risk scoring systems.

United States: The states, territories, and possessions of the U.S., the District of Columbia, the Commonwealth of Puerto Rico, or any political subdivision of any of the foregoing.

Variable cost: [Costs that directly vary with the number or value of transactions over the course of the reporting period. In-house variable costs, for example, may include certain labor costs. Variable costs related to third-party processing fees are those fees assessed on a per-transaction or ad valorem basis.](#)