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Proposal: Regulation E - Electronic Fund Transfers
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Comments:

Peppercoin, Inc. is a small payments technology company whose suite of products accelerates the broader cash-to-card transition by providing merchants with a cost effective solution that enables their customers to use their existing credit and debit cards for payment for smaller purchases. Peppercoin's platform supports credit and debit card-based loyalty programs as well as all payment models, including prepaid, subscription, and pay-as-you-go transaction aggregation. Peppercoin, Inc. is pleased to submit public comments on the Board of Governors of the Federal Reserve System's proposed change to Regulation E (Docket No. R-1270.) Peppercoin supports the proposed change to eliminate the receipt requirement at POS terminals for transactions under \$15. However, we request that the Board change the threshold amount to \$25 to be consistent with other payment company card rules that waive signature and personal identification number authorization requirements for contactless payments. A \$25 threshold will simplify implementing the change for merchants and provide greater consistency of experience for consumers who are already familiar with the \$25 rule. We believe a two-tier rule would add confusion without additional benefit to consumers. Regardless of the threshold amount set by the Board, the change is a welcome one for small ticket merchants who sell "everyday" items and services as well as the technology providers and payment processing companies who serve these merchants. The business community will benefit from the removal of one of the major hurdles to broader credit and debit card acceptance in certain retail markets, for example, in the unattended retail markets such as parking, mass transit, vending, and kiosks, where specialized equipment for providing a receipt is now required, adding to the merchant's costs and complexity. Merely simplifying the printed receipt will not dramatically reduce these merchants' reliance on cash as it does not address the fundamental problem of specialized equipment and procedures; eliminating the receipt will stimulate immediate change. In addition, online merchants are not required to provide receipts for consumer debit and credit card purchases. This additional exemption from the receipt requirement now applicable to retail merchants will aide retail merchants and help level the playing field for them with no adverse effect on consumers. Consumers will continue to receive monthly statements which will contain information about their purchases and the same right to dispute transactions upon receipt of their

monthly statement. We agree with the Board's conclusion that American consumers are increasingly eager to use their credit and debit cards for all types of purchases, whether big or small. American consumers will benefit as this change will accelerate the number of retail outlets -- whether attended or unattended -- that accept credit and debit cards, which is increasingly the preferred method of payment for many consumers. A recent survey of 1,000 Americans ages 18 and older by the market research firm Ipsos Insight, which was commissioned by Peppercoin, reveals that 34% of consumers are willing to use a credit or debit card for a purchase under \$5.00 and among younger consumers ages 18-34, the willingness to use a card for a \$5.00 and under purchase rises to 47%, or nearly half. As the Board noted in the request for comment, consumers are interested in convenience, speed and value -- and credit and debit card acceptance. Eliminating the requirement of a receipt for debit card purchases under \$25 will enable merchants to supply all three benefits to their customers while reducing costs to merchants -- everyone "wins" in this scenario. Respectfully, Victoria Glickman Hodgkins Director of Marketing and Business Development Peppercoin, Inc. 200 West Street Waltham, MA 02451