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Proposal: Regulation E - Electronic Fund Transfers  
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Name: David M DeMedio  
Affiliation: USA Technologies, Inc.  
Category of Affiliation: Commercial  
Address: 100 Deerfield Lane  
Suite 140  
City: Malvern  
State: PA  
Country: UNITED STATES  
Zip: 19355  
PostalCode:

Comments:

USA Technologies, Inc. is pleased to submit its response in favor of the Federal Reserve System's proposed changes to Regulation E (Docket No. R-1270.) USA Technologies, Inc. ("USAT") is a leading provider of cashless payment technology to the Vending, Laundry, Office Equipment and Kiosk industries. USAT supports the proposed change to eliminate the requirement that terminal receipts be made available, at the time of purchase, for transactions under \$15. Additionally, we request the Board of Governors of the Federal Reserve to consider increasing this threshold to under \$25. The \$25 threshold would be consistent with card association regulations that waive the requirement for signature capture and personal identification number authorization on contactless transactions. The operational environment of the industries USAT supports, typically consist of small ticket transactions at self service, unattended points of sale, historically settled only in cash (paper currency and coins.) Because of the consumer's growing preference toward the use of credit and debit payment methods, particularly for routine, everyday, small ticket purchases, neither the consumer, nor the merchant is best served offering a cash-only payment option. For the reasons detailed below, we believe the changes to Regulation E would create a "win-win" result for both the consumer and the merchants impacted by the proposed rule change. The benefits to the consumer are numerous, such as speed and convenience at the point of purchase. In unattended retail, such as vending, value to the consumer would be enhanced by offering higher quality products and multiple item purchasing flexibility. We believe the absence of a receipt at the point of purchase would not adversely impact the consumer. Itemized, periodic statements would continue to be provided to the consumer by the issuing institution. In addition, the internet has provided consumers virtually real-time, 24 hour a day access to account activity. The combination of this information would provide useful tools to assist in account maintenance. Also, per Internal Revenue Service guidance (Publication 463, Chapter 5 – Recordkeeping) account statements would provide the adequate documentary evidence necessary for business expense deductions under \$75 since statements contain the necessary elements of the expense, such as amount, date and place. Many unattended points of sale, such as vending machines, currently do not provide consumers receipts for cash purchases. Therefore, consumers at these venues are conditioned not to expect a receipt at the time

of purchase. Significant barriers exist for merchants in these industries to offer their customer a receipt at the time purchase. Deploying a credit/debit payment option, with the requirement to provide a receipt, would be a major, if not insurmountable impediment to industry wide acceptance. In vending, for example, many of the makes and models of the estimated 8 million vending machines installed in the U.S. do not have the required space to accommodate the additional receipt printer and paper roll. Also, since the newly introduced contactless credit/debit readers utilize the existing, available power from the host vending machine, adding a receipt printer would now require an additional power source to power the printer. This would further add to the complexity of industry wide acceptance of credit and/or debit. Significant servicing issues arise with offering receipts because of the unattended, distributed nature of these machines and the infrequency in which they are serviced. Malfunctioning printers, empty paper rolls and litter from discarded receipts, which could go uncorrected for the reasons above, could actually cause the consumer to have a negative experience while purchasing from the machine, thereby negating the purpose to install the printers in the first place. The vending examples above are representative of other small ticket industries interested in adopting credit and debit technologies. In general, consumers want speed, convenience and value when purchasing a product or service. We believe that eliminating the requirement to provide receipts for purchases under \$15 or \$25 would allow merchants in small ticket industries to offer these benefits to their customers.