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Comments:

October 12, 2007 Jennifer J. Johnson N) Secretary, Board of Governors of the Federal Reserve System 20th Street and Constitution Avenue, N.W. Washington, DC 20551 RE: Regulation Z; Docket No. R–1286 Dear Ms. Johnson: On behalf of First Data Corporation, I am writing to provide our comments to the Federal Reserve Board's proposed amendments to Regulation Z concerning format, timing, and content requirements for open-end credit disclosures governed by Regulation Z. We appreciate the opportunity to comment. By way of background, First Data is a U.S.-based financial services company, and the leading processor of electronic payment transactions. As a Fortune 500 company that employs over 29,000 employees globally and operates in 38 countries, our services help consumers, businesses and governmental entities make payments for goods and services using virtually any form of payment: credit card; debit and stored value card; electronic checks and paper checks at the point of sale; and over the Internet. First Data provides credit and retail card issuing and processing services to financial institutions and other issuers, such as consumer finance companies. These services include, among others, account maintenance, transaction authorizing and posting, fraud and risk management services and settlement. We provide a full array of services throughout each card's use, starting from the moment a card-issuing client processes a consumer's card application. In addition to services such as embossing and mailing a consumer's new card, we send customized communications to cardholders, print and mail monthly credit/retail card statements to cardholders, and perform information verification associated with granting credit, debt collection, and customer service. Many of our clients are subject to Regulation Z. As their processor, we must program our system to accommodate any changes the clients make to their periodic statements. Costs and Timing. We recognize that the goal of the proposed amendments to Regulation Z is to improve the effectiveness of the disclosures that creditors provide to consumers on revolving credit

accounts. As a processor for card-issuing financial institutions and other consumer finance organizations, our analysis is that the proposed changes to Regulation Z would substantially increase compliance costs for financial institutions, processors such as First Data, and other parties in the financial services industry; conservative estimates range in the tens of millions of dollars. These costs would, of course, need to be recouped and as a result would then need to be built into the fees we charge our financial institution clients who would, in turn, pass them on to consumers. We estimate that the changes to format, timing, and content proposed by the Board could require First Data to devote at least 60,000 and as much as 100,000 personnel hours to implement. For context, a team of 20 people working 8 hours per day, 5 days per week, every week of the year, would complete a total of just 41,600 hours that year. Therefore, if the Board finalizes the proposed rules as written, we strongly urge the Board to provide adequate time, at least 2 years, for the industry, including First Data, to create new message types, develop and test new systems, and modify and redesign cardholder statements. The Grouping Requirements. Conversations with many of our financial institution clients suggest that they may urge the Board to reconsider certain of the changes proposed. In particular, we believe the transaction grouping proposals would create an enormous and burdensome expense with little resulting consumer benefit. The proposed rules require creditors to group similar transactions together by type (e.g. purchases, cash advances) and group fees and interest charges together with each itemized by type. First Data's implementation of the grouping requirements alone would require approximately 20,000 personnel hours. A number of our financial institution clients already group transactions on periodic statements, but the majority do not. Yet, the vast majority of the 20,000 hours would be spent manually reconfiguring the grouping portion of each statement template for each client who already groups transactions. The software development required to implement transaction grouping falls into two categories - core functionality development and client-specific development. The client-specific development requires that the core functionality be in place. Core functionality development implements the basic functionality and processing options that our clients will choose from and use on their statements. All possible types of transactions must be tested for each option in order to ensure that they are properly grouped on the final statement. The core development effort is estimated to require approximately 5,000 personnel hours. Once the core functionality/options have been defined, clients will review how it impacts their statements. Since the monthly billing statement is the primary correspondence between our clients and their customers, each client's statements are purposefully customized. Each client must specify how it wants to utilize our system's core functionality to ensure its statements comply with the new transaction grouping rules while still meeting its customers' needs. Significant testing would need to be performed for each client's statement options and changes. These processes will occur in over 800 client-specific applications. These client-specific efforts are estimated to require approximately 15,000 personnel hours. Ironically, the financial institution clients whose statements would require the most costly and time-intensive reworking are the clients who are already grouping transactions. These financial institutions have already independently determined that their existing transaction grouping is what best benefits their cardholders. Indeed, cardholders who do not like or understand their statements are free to communicate this to the financial institution and free to take their accounts to an institution that provides periodic statements more to the individual cardholder's liking. This is a subject easily amenable to market forces like consumer self-selection. Correspondingly, consumer preference is uniquely personal and

not a good candidate for uniform regulation, especially where, as here, the cost of the regulation is so substantial. Moreover, the regulation could bring about precisely the opposite effect of what it intends. Cardholders who are accustomed to one kind of grouping may become more confused by their statements, not less, if the proposed rules require the cardholders' financial institutions to change their grouping practices. In turn, this would not only confuse the cardholder, but would likely result in excess time and expense on the part of the financial institutions fielding consumer calls regarding statement changes. In addition, financial institutions who have independently determined that grouping does not benefit their cardholders would be forced to change their cardholders' periodic statements, which would in turn generate additional cost and confusion. In sum, we do not believe that the questionable consumer benefit of the grouping requirements outweighs the substantial implementation costs to First Data and its client financial institutions. Therefore, we urge the Board to consider the efficacy of market forces such as the consumer's ability to self-select and communicate with its financial institution as viable alternatives to the proposed grouping requirements. This form of consumer freedom is particularly relevant where the costs of changing the statements will be borne by consumers who did not request the changes. Summary and Conclusion. We recognize and commend the Board's efforts in surveying consumers to determine their needs and wants. This information provides a useful starting point in identifying any appropriate changes to Regulation Z. Still, in light of the significant costs and time needed for development, testing and implementation described above, we respectfully request that the Board give serious consideration to the necessity of each change. In other words, is each proposed change truly responsive to consumer needs? And, do the benefits of such changes outweigh the costs? If the Board does decide to require the proposed changes, we strongly urge the Board to give those companies subject to Regulation Z at least two years to implement the changes. Thank you again for the opportunity to comment on such an important public policy issue. Please feel free to contact me with any questions, comments, or concerns you may have. Sincerely, Joe Samuel Senior Vice President, Public Policy First Data Corporation (p) 303-967-7195 (e) joe.samuel@firstdatacorp.com