

From: Marilyn Bochicchio
Subject: Electronic Fund Transfers

Comments:

Via Email

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

Attention: Docket No. R-1377
Re: Gift Certificates, Store Gift Cards and General-Use Prepaid Cards
Proposed Rules

Dear Ms. Johnson:

I have been involved in the electronic payments for nearly 35 years and have focused exclusively on prepaid card products exclusively for the past five.

As a payments professional, I respectfully request you to give full weight and consideration to the comment letter provided by the Network Branded Prepaid Card Association (NBPCA). The association represents outstanding members of the prepaid industry and the comments are a result of sincere and extensive thought about the ramifications of the proposed regulations. They also reflect the thinking of approximately 40 organizations involved in various aspects of delivering prepaid products to governments, consumers and businesses. The letter offers solid and reasonable solutions to a number of the thorniest issues raised by the proposed regulations. Incorporating these solutions into the final regulations would minimize the unintended negative consequences of the new rules, while protecting consumers--which is a top priority.

As part of my job as CEO of Paybefore, a family of trade publications, I am exposed every year to hundreds of prepaid programs--in the United States and outside of this country. My job requires me to learn the ins and outs of these programs, all of which attempt to accomplish one of two important goals: 1) increase the efficiency/safety of current payment programs or 2) introduce new payment opportunities and options that current payment products can't address. I continue to be impressed by gift card products introduced worldwide and the earnestness with which the industry attempts to create products that are favored by consumers. And, I would like to point out, throughout 2009, millions of consumers have shown their support of gift cards--both network branded and retailer branded--with their continued and repeated purchases, and extremely high rates of satisfaction on statistically valid studies. When all the numbers are in, the industry expects the number of gift cards sold in 2009 to be the highest ever, confirming many consumer surveys that validate that gift cards are the #1 gift choice of gift recipients.

I also would like to say a few words about being a consumer of prepaid cards. Sometimes I choose to give a gift of merchandise to my family,

friends and employees. Sometimes I choose network branded cards. And sometimes I choose retail branded gift cards. The choices I make fit the occasion and the individual, i.e., I make conscious and informed choices to give the right gift to the right individual.

Over the weekend, I went to my local supermarket and purchased three \$100 network branded gift cards. Two were for business associates and one was for a young adult. I gladly paid the \$5.95 per card fee because 1) I knew the gift would be appreciated and used (and not returned or stuck in the back of the closet), 2) It was easy for me, as time is always at a premium--but especially at this time of year--and I was visiting the supermarket anyway and 3) I didn't have to wrap, pack and pay excessive postage. (For the record, I could have traveled and bought gift cards for a lower fee, but I was willing to pay for the locational convenience. My choice.)

The purchase price of \$5.95 was clearly displayed on the front of the card and the expiration date was clearly visible on the packaging. I have retained the receipts for the cards in the event that the recipients lose their cards, so the remaining funds can be reimbursed--if necessary.

My purchase was a rational decision and the cards were worth the purchase price for all of the benefits I received. There is nothing inappropriate with the card company charging a purchase fee for the cards. If there were not fees on these types of cards, they would not exist...and I would have been driving to a mall, standing in line, wrapping packages and visiting the post office to pay A LOT more than \$5.95 for shipping. The expectation of no fees for this type of gift card is nonsensical.

In the past, I also have purchased network branded gift cards for my daughters' friends. These have been very well received by college students because they can use them for anything they need (unlike retailer branded cards, which can be used only in the issuers' locations). I know the recipients were very happy to get them and the cards were often used to buy groceries, which is what the recipient most needed at the time!

Notwithstanding some of the anecdotal responses you have received that do not differentiate between network branded and retailer branded gift cards, gift cards are a great product and a great value. I'm a consumer and I want to be protected, but I also want to have many gift card choices and not have these valuable products so encumbered by the additional cost of regulation that the purchase price goes up or the number of gift card options goes down.

Buying gift cards is not a necessity, it is a choice. I find the terms and conditions very well disclosed and I am perfectly capable of making an informed choice. I don't need more stringent rules to protect me from gift cards. I am very happy to make my own informed decisions.

Thank you for your consideration of my thoughts in support of gift cards and the NBPCA's comment letter.

Sincerely,
Marilyn Bochicchio