



November 14, 2011

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

RE: Docket No. RFR 3064a

Submitted via e-mail to regs.comments@federalreserve.gov

Dear Madame Secretary:

As you may know, Best Buy is a leading multi-channel global retailer and developer of technology products and services. Every day our employees - 180,000 strong - are committed to helping deliver the technology solutions that enable easy access to people, knowledge, ideas and fun. We are keenly aware of our role and impact on the world, and we are committed to developing and implementing business strategies that bring sustainable technology solutions to our consumers and communities. We have operations in the US, Canada, Europe, Mexico and China. For more information about Best Buy, visit <http://www.bestbuy.com/>

We are submitting comments on the two mandatory surveys to collect information necessary to meet its obligation under EFTA section 920(a)(3) that will collect information on costs, debit card usage, and interchange fees. We support the reforms effective October 1 and believe the transparency provided by these surveys is important for all stakeholders in the U.S. payment system. Specifically, section 920 (a) (3) (b) which stipulates that the Federal Reserve "may require any issuer (or agent of an issuer) or payment card network to provide the Board with such information as may be necessary to carry out the provisions of this subsection and the Board, and on at least a bi-annual basis thereafter, shall disclose such aggregate or summary information concerning the costs incurred, and interchange transaction fees charged or received, by issuers or payment card networks in connection with the authorization, clearance or settlement of electronic debit".

We have a number of comments which we hope you will consider as you approach this effort:

1) **The statutory intent was for broad spectrum of parties**

We believe that by exclusively inventorying debit card issuers and payment networks the Fed will not have the full view of the "costs incurred, and interchange transaction fees charged or received, by issuers or payment card networks". Specifically Section 920 (a) (5) (B) (ii) (IV) whereby the law stipulates that the board shall [also] consider "the fraud prevention and data security costs expended by each party involved in electronic debit transactions (including consumers, persons who accept debit cards as a form of payment, financial institutions, retailers and payment card networks)..." (emphasis added). We strongly believe that by confining the survey only to issuers and payment card networks a singular view will be provided not allow the Board and public to gain an overall perspective of these costs which we believe is the intent of the statute.



2) Independent Assessment & Evaluation

To best achieve the intent of the law and increase transparency, we believe there should be an independent 3rd party inventory assessment and verification process implemented with the following objectives:

- a) assure that all parties can have confidence in the survey process and data;
- b) ensure recommendations based on any statistical or financial analysis of the survey results are independently validated;
- c) allow for a "balanced approach" which ensures that all stakeholders identified by the law have an opportunity to have a voice in reporting the *"costs incurred, and interchange transaction fees charged or received, by issuers or payment card networks"*.

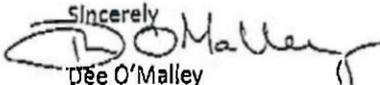
We believe the Fed engaging a qualified 3rd party auditor is something which would serve the interests of all in the payments process and would allow for future rulemaking which would serve the collective interest but ultimately would benefit the most important stakeholder - the consumer.

3) Specific Survey Components which require retailer participation

We would like to highlight some specific items on the survey which we believe it would not be possible to accurately assess the true and valid costs without detailed input from the retail community. The questions around fraud prevention and data security and fraud losses (all types, card-not-present, counterfeit) require input from the retail community to ensure that all true payment system costs are accounted for and that the *actual* costs are calculated. As a retailer keenly aware of our multiple forms of payments costs and fraud prevention tools both here and in other countries we would like the opportunity to provide specific information in this area so any future policy decisions which have financial consequences are not unduly borne by those of us in the retail sector.

Due to the growing deleterious impact of payments on our core business and the way payments has evolved, attention is required for this process which is not transparent and should be. We have been forced to focus more resources, time and energy on ensuring that card issuers and networks will get back to the business of innovation and not rely on old, monopoly-driven business models which is what debit and credit card payment processes have become.

Thank you for considering our views and we would be happy to discuss these important payment systems issues and how they impact our customers and company at any time. If you have any questions please feel free to contact me or Doug Black at douglas.black2@bestbuy.com or 612.291.9590. We appreciate your public service.

Sincerely

 Dee O'Malley
 Director, Financial Services