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November 5, 2012

Via Electronic Mail: regs.comments@federalreserve.gov

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

RE: FR 3066a, b, c, and d

Dear Mr. Frierson:

MasterCard Worldwide (“MasterCard”)¹ submits this comment letter in response to the notice and request for comment issued by the Board of Governors of the Federal Reserve System (“Board”) regarding the collection of retail payments information through the Board’s voluntary Retail Payments Surveys (the “Payments Survey”).² MasterCard’s comments are limited to the Network, Processor, and Issuer Payments Survey (FR 3066b) and the Depository and Financial Institution Payments Survey (FR 3066a). MasterCard appreciates the opportunity to provide its comments.

Comments on the Network, Processor, and Issuer Payments Survey (FR 3066b)

Responses to Information Requests Regarding Draft Survey Form

Request 1.i. *Whether networks can report cash advances received in physical cash form as a subset of total cash advances. (Total cash advances include not only physical cash advances but also other funds transfers such as an electronic transfer to a transaction deposit account or a payment made with credit account funds using a special check issued to the cardholder).*

¹ MasterCard advances global commerce by providing a critical link among financial institutions and millions of businesses, cardholders and merchants worldwide. In the company’s roles as a franchisor, processor and advisor, MasterCard develops and markets secure, convenient and rewarding payment solutions, seamlessly processes more than 27 billion payments each year, and provides analysis and consulting services that drive business growth for its banking customers and merchants. With more than one billion cards issued through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories, and is a partner to more than 20,000 of the world’s leading financial institutions. With more than 33.3 million acceptance locations worldwide, no payment card is more widely accepted than MasterCard.

² See Proposed Agency Information Collection Activities; Comment Request, 77 *Fed. Reg.* 54,912 (Sept. 6, 2012).

MasterCard Comment For MasterCard-branded credit card transactions, MasterCard is able to report information on cash advances that result in a cardholder obtaining physical cash from a bank teller or an ATM. MasterCard is not able to report on other types of cash advances.

Request 1.ii. and 4.i. *What terms the industry most commonly uses for initiation methods such as near field communication (NFC), near field radio-frequency identification (RFID), the Europay, MasterCard and Visa standard (EMV), and other chip technologies; what terms the industry uses for authorization methods that use dynamic data generated by a card or a network sponsored online verification system; and which initiation and authorization methods are feasible and/or useful to report.*

MasterCard Comment In the MasterCard network, transactions initiated via NFC and RFID technologies are referred to generally as “contactless” payments, regardless of whether the payment transaction is initiated using a card, key fob, or mobile handheld device. Also, in the MasterCard network, contactless payments can be dynamically authenticated in two ways, using dynamic EMV technology known as Chip (or, in the MasterCard system, M/Chip) or using dynamic magnetic stripe technology known as dynamic CVC3 (or, in the MasterCard system, mag stripe *PayPass*). MasterCard can report information on contactless transactions dynamically authenticated using either technology.

Requests 1.iii. and 4.ii. *Whether networks can distinguish between payments to domestic and foreign payees.*

MasterCard Comment MasterCard can distinguish between payments made to domestic and foreign payees (*i.e.*, merchants).

Request 4.b. *The Board specifically requests comment on how prepaid cards should be defined in order to develop a consistent definition among responses provided by networks and processors.*

MasterCard Comment We recommend using the definition of “general-use prepaid card” from Regulation II: “a card, or other payment code or device, that is (1) issued on a prepaid basis in a specified amount, whether or not that amount may be increased or reloaded, in exchange for payment; and (2) redeemable upon presentation at multiple, unaffiliated merchants for goods or services.”

Additional Comments Regarding Draft Survey Form

Reporting of Cash Advances and Cash-Back Transactions. The draft survey form for networks asks for information on cash advances and cash back at the point of sale. As discussed above, MasterCard does not have data available on cash advances that do not involve the cardholder receiving physical cash. Also, please note that merchants that participate in the MasterCard network are not required to submit cash back information as part of our network’s transaction authorization, clearing and settlement processes. Therefore, information that MasterCard might submit in this category may not present an accurate picture of debit card cash back transactions occurring in the marketplace.

Reporting of Mobile Payments. The draft survey form for networks asks for information regarding transactions initiated with a mobile device. MasterCard does not currently have a method for separately identifying and reporting MasterCard-branded payments made with a mobile device.

Timing of Survey Distribution and Completion. In the Supplementary Information, the Board notes that it anticipates distributing the Payments Survey materials in the first quarter of 2013 and expects respondents to engage in data collection and reporting *primarily* during the second quarter of 2013. With the demands of other reporting requirements that fall in the first quarter, MasterCard encourages the Board to provide respondents with ample time in the second quarter to complete the Payments Survey and believes that a Payments Survey completion date no earlier than May 31st would be beneficial.

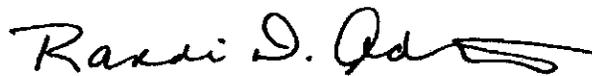
Comments on the Depository and Financial Institution Payments Survey (FR 3066a)

Consistency With Prior Surveys. The Board requested comment on using March 2013 as the reporting period. As noted in the Supplementary Information, prior surveys used March and April as the period of reference for reporting purposes. MasterCard encourages the Board to preserve consistency with prior surveys by continuing to measure both March and April (rather than just March) so that results will be comparable over time. If the Board intends to annualize the reported information, MasterCard encourages the Board to utilize a methodology to annualize reported information that accounts for variations in the use of the different types of payment cards at different times of the year.

* * *

Again, MasterCard appreciates the opportunity to provide comments on the Payments Survey. If there are any questions regarding our comments, please do not hesitate to contact the undersigned at (914) 249-6715 or randi_adelstein@mastercard.com, or our counsel at Sidley Austin LLP in this matter, Joel D. Feinberg, at (202) 736-8473.

Sincerely,



Randi D. Adelstein
Vice President
Managing U.S. Public Policy and Regulatory Counsel

cc: Joel D. Feinberg, Esq.