

**Meeting Between Federal Reserve Staff and
Members of the Association for Financial Professionals
Payments Advisory Group (AFP PAG)
October 19, 2010**

Participants: Louise Roseman (Federal Reserve Board) and Claudia Swendseid (Federal Reserve Bank of Minneapolis)

Nicholas Alex (SunTrust Bank), Jennifer Bezdek (Fluor Corporation), Mary Burchette (U.S. Bank), Fred Butterfield (Trust Company of America), Terry Crawford (AMC Entertainment Inc.), Rue Jenkins (Costco Wholesale Corporation), Bradley Larson (Claire's Stores), William Lundeen (The Procter & Gamble Company), Karen Nash-Goetz (T.Rowe Price Associates, Inc.), Sharon Petrey (Coca-Cola Enterprises Inc.), Jerl Rossi (Northrop Grumman Corporation), Anita Stevenson Patterson (Cox Enterprises, Inc.), and Gavin Waugh (Wendy's/Arby's Group, Inc.) [AFP PAG members]

David Bellinger and Julianne Franck (AFP)

Summary: Federal Reserve staff met with representatives of the AFP's Payments Advisory Group and AFP staff to discuss the interchange fee provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act"). Federal Reserve staff reviewed the interchange fee provisions of the Act and provided a general overview of the Federal Reserve Board's process for developing proposed regulations to implement them. Federal Reserve staff also discussed the meetings staff has held with various interested parties to deepen the staff's understanding of various facets of the debit card industry; and the surveys of issuing banks, payment networks, and merchant acquirers to obtain information on costs, network fees, fraud prevention costs, and fraud losses associated with debit card transactions. Federal Reserve Staff also indicated that the Board was striving to issue its proposed rule implementing this aspect of the Act by year-end.

AFP members indicated that they supported rules that would reduce the current level of interchange fees and increase competition among payment card networks and expressed interest in providing information that would be helpful to the rulemaking process.