Meeting between Federal Reserve Staff and
the Board's Consumer Advisory Council
March 8, 2011

Participants: Ky Tran-Trong, Mark Manuszak, Vivian Wong, and Paul Mondor (Federal Reserve Board)

Consumer Advisory Council
http://www.federalreserve.gov/aboutthefed/cac.htm

Summary: The Consumer Advisory Council ("CAC"), established in 1976, advises the Federal Reserve Board on the exercise of its responsibilities under the Consumer Credit Protection Act and on other matters in the area of consumer financial services. The CAC membership represents interests of consumers, communities, and the finance services industry. Members are appointed by the Board of Governors and serve staggered three-year terms. The CAC meets three times a year in Washington, D.C., and the meetings are open to the public.

Board staff discussed two rulemakings under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") with CAC members during the March 2011 meeting: interchange fee and network exclusivity provisions under Section 1075 of the Dodd-Frank Act and escrow account requirements for certain home mortgage loans under Sections 1461 and 1462 of the Dodd-Frank Act.

Interchange

Following a staff briefing on the Board's December 2010 proposal to implement interchange fee and network exclusivity provisions of the Dodd-Frank Act, CAC members discussed their views regarding the appropriate costs that should be considered in developing the standards for calculating a debit interchange fee; the potential impact on consumers as a result of reduced issuer revenue from interchange fees; and the viability of the small issuer exemption from the interchange transaction fee restrictions.

Escrow account requirements

Following a staff briefing on the Board's March 2011 proposal to implement escrow account requirements and related provisions of the Dodd-Frank Act, CAC members discussed their views regarding certain aspects of required disclosure contents; the proposed timing of a disclosure to be required when an existing escrow account will be terminated; and the possible impact on consumers' access to mortgage credit of limiting an exemption to creditors that currently do not maintain any escrow accounts.