

December 9, 2011

PAYMENT CARD NETWORK SURVEY



Survey Period:
Calendar Year 2011

General Instructions

About this Survey

Section 235.8 of the Federal Reserve Board's Regulation II requires payment card networks to file reports with the Board. This survey serves as this report. This survey solicits information from calendar year 2011 regarding (1) volumes and values of debit card transactions (including general-use prepaid card transactions) processed by the network; (2) interchange fees paid by acquirers and received by issuers; (3) network fees paid by acquirers and issuers; and (4) incentives paid to acquirers, merchants, and issuers. For purposes of this survey, **three-party systems** are not included. If your organization has both signature (dual message) and PIN (single message) networks, complete a separate survey for each type of network.

Your Participation

To achieve the most reliable results, it is important that you respond completely and accurately. Please leave no survey item blank.

There are **three possible ways** to answer a survey question:

Enter a Value: The actual numeric value of the data element.

Enter a Zero: When the calculated value equals zero. **Please do not enter a non-numeric value**, e.g. "NA" or "NR," when the value equals zero.

Enter "NR" (Not Reported): If your institution engages in the activity of the type being measured but you are unable to report a figure that reflects that activity. **Please do not enter "NA."**

If for any reason you cannot provide complete data or you have questions, please contact Linda Healey at 202-452-5274 or e-mail debit.card.surveys@frb.gov for assistance.

Please complete the survey by March 16, 2012.

Response Confidentiality and Burden

The Federal Reserve System regards the individual organization information provided by each respondent as confidential (5 U.S.C. 552(b)(4)). The Board intends to publish a list of the average interchange fees each network provides to its covered issuers and to its exempt issuers (see 12 CFR 235.5). The Board may also publish aggregate or summary information that does not reveal your individual organization's confidential information. If it should be determined subsequently that any additional information collected from the survey must be released, the respondents will be notified.

Public reporting burden for this collection of information is estimated to be 75 hours per response, including the time to gather data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551, or via e-mail to regs.comments@frb.gov; and to the Office of Management and Budget, Paperwork Reduction Project (7100- to-be-assigned), Washington, D.C. 20503. The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Section I: Respondent Information

1. Name of network covered in this response

| |
|--|
| |
|--|

2. Contact person(s) by subsection of the survey for which responsible

| | | | |
|------------|--|-------|--|
| Name | | Email | |
| Subsection | | Phone | |

| | | | |
|------------|--|-------|--|
| Name | | Email | |
| Subsection | | Phone | |

| | | | |
|------------|--|-------|--|
| Name | | Email | |
| Subsection | | Phone | |

| | | | |
|------------|--|-------|--|
| Name | | Email | |
| Subsection | | Phone | |

3. Is your payment card network a **single-message (PIN)** or **dual-message (signature)** network? **Single-message** **Dual-message**
If your organization has both types of networks, complete a survey for each type of network.

4. Does your payment card network offer an interchange fee rate schedule that differentiates between **exempt** and non-exempt issuers? **Yes** **No**

5. **Number of merchant establishments** (i.e., separate locations) in the **United States**

| |
|--|
| |
|--|

Section II: Debit Card Transactions

(including general-use prepaid card transactions)

Please enter totals only for transactions related to **debit cards** linked to U.S.-domiciled accounts involving a merchant located in the United States during the calendar year (CY) 2011.

Include: All **debit card transactions** (including **general-use prepaid card transactions**).
Both consumer and business card transactions.

Do Not Include: ATM or credit card transactions.

| 1. CY 2011 debit card transactions | Volume | Value (\$) |
|--|---------------|-------------------|
| 1a. Settled purchase transactions (excluding pre-authorizations, denials, adjustments, and returns) | | |

| Card-present vs. card-not-present transactions | Volume | Value (\$) |
|---|---------------|-------------------|
| 1b. Allocate “ 1a. Settled purchase transactions ” between the following categories: <i>1b.1 + 1b.2 = 1a</i> | 1a: | 1a: |
| 1b.1 Card-present transactions | | |
| 1b.2 Card-not-present transactions | | |

| CY 2011 chargebacks and returns | Volume | Value (\$) |
|--|---------------|-------------------|
| 1c. Total chargebacks to acquirers <i>Report all chargebacks sent in CY 2011 regardless of the date the original purchase transaction took place.</i> | | |
| 1d. Total returns to acquirers <i>Report all returns sent in CY 2011 regardless of the date the original purchase transaction took place.</i> | | |

Small issuer exemption:

Transactions using cards of exempt vs. non-exempt issuers

Volume

Value (\$)

1e. Allocate “**1a. Settled purchase transactions**” between the following categories:
 $1e.1 + 1e.2 + 1e.3 = 1a$

1e.1 All settled purchase transactions between January 1 and September 30, 2011

1e.2 Settled purchase transactions made with a debit card issued by **exempt issuers** between October 1 and December 31, 2011

1e.3 Settled purchase transactions made with a debit card issued by non-exempt issuers between October 1 and December 31, 2011 (include all transactions by non-exempt issuers, even though some transactions might be exempt)

| Volume | Value (\$) |
|--------|------------|
| 1a: | 1a: |
| | |
| | |
| | |

Transactions using cards of exempt vs. non-exempt issuers:

January 1, 2011 – September 30, 2011

Volume

Value (\$)

1f. Allocate “**1e.1 All settled purchase transactions** between January 1 and September 30, 2011” between the following categories:
If necessary, use a reasonable estimate based on the proportions of volume and value of transactions by exempt and non-exempt issuers between October 1 and December 31, 2011.
 $1f.1 + 1f.2 = 1e.1$

1f.1 Settled purchase transactions made with a debit card issued between January 1 and September 30, 2011, by an issuer considered exempt on October 1, 2011

1f.2 Settled purchase transactions made with a debit card issued between January 1 and September 30, 2011, by an issuer considered non-exempt on October 1, 2011 (include all transactions by non-exempt issuers, even though some transactions might be exempt)

| Volume | Value (\$) |
|--------|------------|
| 1e.1: | 1e.1: |
| | |
| | |

General-use prepaid card transactions vs. all other debit card transactions

Volume

Value (\$)

1g. Allocate “**1a. Settled purchase transactions**” between the following categories:
 $1g.1 + 1g.2 = 1a$

1g.1 General-use prepaid card transactions

1g.2 All other debit card transactions

| | |
|-----|-----|
| 1a: | 1a: |
| | |
| | |

General-use prepaid card exemption:

Exempt vs. non-exempt general-use prepaid card transactions

Volume

Value (\$)

1h. Allocate “**1g.1 General-use prepaid card transactions**” between the following categories:
 $1h.1 + 1h.2 + 1h.3 = 1g.1$

1h.1 All general-use prepaid card transactions between January 1 and September 30, 2011

1h.2 General-use prepaid card transactions **exempt** from the interchange fee standards between October 1 and December 31, 2011(include all general-use prepaid card transactions by exempt issuers and exempt transactions by non-exempt issuers)

1h.3 General-use prepaid card transactions not exempt from the interchange fee standards between October 1 and December 31, 2011(only include non-exempt transactions by non-exempt issuers)

| | |
|-------|-------|
| 1g.1: | 1g.1: |
| | |
| | |
| | |

2. CY 2011 interchange fees

Dollars (\$)

2a. Interchange fees paid by acquirers and received by issuers (gross interchange fees)

2a.1 Interchange fees reimbursed to acquirers as a result of **chargebacks**

Report all chargebacks sent in CY 2011 regardless of the date the original purchase transaction took place.

2a.2 Interchange fees reimbursed to acquirers as a result of **returns**

Report all returns sent in CY 2011 regardless of the date the original purchase transaction took place.

| |
|--|
| |
| |
| |

Interchange fees on chargebacks

2b. For cases when a **chargeback** involves an entire transaction, does your payment card network refund to acquirers all the interchange fees? **Yes** **No**
If your answer is "Yes" proceed to question 2c.

2b.1 If your answer to **2b.** was "No" does your payment card network refund to acquirers any or all of the ad valorem component of the interchange fees for these types of chargebacks? **Yes** **No**

2b.2 If your answer to **2b.** was "No" does your payment card network refund to acquirers any or all of the fixed per-transaction component of the interchange fees for these types of chargebacks? **Yes** **No**

2c. For cases when a **chargeback** involves only a portion of the transaction, does your payment card network refund to acquirers all the interchange fees? **Yes** **No**
If your answer is "Yes" proceed to question 2d.

2c.1 If your answer to **2c.** was "No" does your payment card network refund to acquirers any or all of the ad valorem component of the interchange fees for these types of chargebacks? **Yes** **No**

2c.2 If your answer to **2c.** was "No" does your payment card network refund to acquirers any or all of the fixed per-transaction component of the interchange fees for these types of chargebacks? **Yes** **No**

Please provide any explanatory comments you believe may be necessary for 2b and 2c:

Interchange fees on returns

2d. For cases when a customer **returns** an entire purchase transaction to a merchant, does your payment card network refund to acquirers all the interchange fees? **Yes** **No**

If your answer is "Yes" proceed to question 2e.

2d.1 If your answer to **2d.** was "No" does your payment card network refund to acquirers any or all of the ad valorem component of the interchange fees for these types of returns? **Yes** **No**

2d.2 If your answer to **2d.** was "No" does your payment card network refund to acquirers any or all of the fixed per-transaction component of the interchange fees for these types of returns? **Yes** **No**

2e. For cases when a customer **returns** only a portion of a purchase transaction to a merchant, does your payment card network refund to acquirers all the interchange fees? **Yes** **No**

If your answer is "Yes" proceed to question 2f.

2e.1 If your answer to **2e.** was "No" does your payment card network refund to acquirers any or all of the ad valorem component of the interchange fees for these types of returns? **Yes** **No**

2e.2 If your answer to **2e.** was "No" does your payment card network refund to acquirers any or all of the fixed per-transaction component of the interchange fees for these types of returns? **Yes** **No**

Please provide any explanatory comments you believe may be necessary for 2d and 2e:

Card-present vs. card-not-present interchange fees

Dollars (\$)

2f. Allocate "**2a. Interchange fees paid by acquirers and received by issuers**" between the following categories:
2f.1 + 2f.2 = 2a

2f.1 Interchange fees on **card-present** transactions

2f.2 Interchange fees on **card-not-present** transactions

| |
|-----|
| 2a: |
| |
| |

Small issuer exemption:

Interchange fees on transactions using cards of exempt vs. non-exempt issuers

2g. Allocate “**2a. Interchange fees paid by acquirers and received by issuers**” between the following categories:

$$2g.1 + 2g.2 + 2g.3 = 2a$$

2g.1 All interchange fees paid to **issuers** between January 1 and September 30, 2011

2g.2 Interchange fees paid to **exempt issuers** between October 1 and December 31, 2011

2g.3 Interchange fees paid to non-exempt issuers between October 1 and December 31, 2011 (include all interchange fees paid to non-exempt issuers, even though some interchange fees might come from exempt transactions)

Dollars (\$)

| |
|-----|
| 2a: |
| |
| |
| |

Interchange fees on transactions using cards of exempt vs. non-exempt issuers:

January 1, 2011 – September 30, 2011

2h. Allocate “**2g.1** All interchange fees paid to **issuers** between January 1 and September 30, 2011” between the following categories:

If necessary, use a reasonable estimate based on the proportion of interchange fee revenue received by exempt and non-exempt issuers between October 1 and December 31, 2011.

$$2h.1 + 2h.2 = 2g.1$$

2h.1 Interchange fees paid between January 1 and September 30, 2011, to an issuer considered exempt on October 1, 2011

2h.2 Interchange fees paid between January 1 and September 30, 2011, to an issuer considered non-exempt on October 1, 2011 (include all interchange fees paid to non-exempt issuers, even though some interchange fees might come from exempt transactions)

Dollars (\$)

| |
|-------|
| 2g.1: |
| |
| |

General-use prepaid card transactions vs. all other debit card transactions

Dollars (\$)

2i. Allocate “**2a. Interchange fees paid by acquirers and received by issuers**” between the following categories:

$$2i.1 + 2i.2 = 2a$$

2i.1 Interchange fees on **general-use prepaid** card transactions

2i.2 Interchange fees on all other debit card transactions

| |
|-----|
| 2a: |
| |
| |

General-use prepaid card exemption:

Interchange fees on exempt vs. non-exempt card transactions

Dollars (\$)

2j. Allocate “**2i.1 Interchange fees on general-use prepaid** card transactions” between the following categories:

$$2j.1 + 2j.2 + 2j.3 = 2i.1$$

2j.1 All interchange fees on general-use prepaid card transactions between January 1 and September 30, 2011

2j.2 Interchange fees on **exempt general-use prepaid card transactions** between October 1 and December 31, 2011(include interchange fees paid to exempt issuers for all general-use prepaid card transactions and paid to non-exempt issuers for exempt general-use prepaid card transactions)

2j.3 Interchange fees on non-exempt general-use prepaid card transactions between October 1 and December 31, 2011(only include interchange fees paid to non-exempt issuers for non-exempt transactions)

| |
|-------|
| 2i.1: |
| |
| |
| |

3. CY 2011 network fees

Dollars (\$)

3a. Network fees received from acquirers and issuers

| |
|--|
| |
|--|

Network fees received from acquirers vs. issuers

Dollars (\$)

3b. Allocate “**3a. Network fees received from acquirers and issuers**” between the following categories:
3b.1 + 3b.2 = 3a

| |
|-----|
| 3a: |
| |
| |

3b.1 Network fees received from **acquirers**

3b.2 Network fees received from **issuers**

Small issuer exemption:

Network fees received from exempt vs. non-exempt issuers

Dollars (\$)

3c. Allocate “**3b.2.** Network fees received from **issuers**” between the following categories:
 $3c.1 + 3c.2 + 3c.3 = 3b.2$

| |
|-------|
| 3b.2: |
| |
| |
| |

3c.1 All network fees received from issuers that settled between January 1 and September 30, 2011

3c.2 Network fees received from **exempt issuers** that settled between October 1 and December 31, 2011

3c.3 Network fees received from non-exempt issuers that settled between October 1 and December 31, 2011 (include network fees paid by non-exempt issuers, even though some transactions might be exempt)

Network fees received from exempt vs. non-exempt issuers:

January 1, 2011 – September 30, 2011

Dollars (\$)

3d. Allocate “**3c.1** All network fees received from issuers that settled between January 1 and September 30, 2011” between the following categories:
If necessary, use a reasonable estimate based on the proportion of total network fees received from exempt and non-exempt issuers between October 1 and December 31, 2011.
 $3d.1 + 3d.2 = 3c.1$

| |
|-------|
| 3c.1: |
| |
| |

3d.1 Network fees settled between January 1 and September 30, 2011, received from issuers considered exempt on October 1, 2011

3d.2 Network fees settled between January 1 and September 30, 2011, received from issuers considered non-exempt on October 1, 2011 (include network fees paid by non-exempt issuers, even though some transactions might be exempt)

4. CY 2011 payments and incentives paid by network to acquirers, merchants, and issuers

Dollars (\$)

4a. Payments and incentives paid by network to acquirers, merchants, and issuers

4b. Allocate “**4a. Payments and incentives paid by network to acquirers, merchants, and issuers**” between the following categories:

4b.1 + 4b.2 = 4a

4b.1 Payments and incentives paid to **acquirers** and merchants

4b.2 Payments and incentives paid to **issuers**

| |
|-----|
| |
| 4a: |
| |
| |

Small issuer exemption:

Payments and incentives paid to exempt vs. non-exempt issuers

Dollars (\$)

4c. Allocate “**4b.2** Payments and incentives paid to **issuers**” between the following categories
4c.1 + 4c.2 + 4c.3= 4b.2

| |
|-------|
| 4b.2: |
| |
| |
| |

4c.1 All payments and incentives paid to issuers between January 1 and September 30, 2011

4c.2 Payments and incentives paid to **exempt issuers** between October 1 and December 31, 2011

4c.3 Payments and incentives paid to non-exempt issuers between October 1 and December 31, 2011(include payments and incentives paid to non-exempt issuers, even though some transactions might be exempt)

Payments and incentives paid to exempt vs. non-exempt issuers:

January 1, 2011 – September 30, 2011

Dollars (\$)

4d. Allocate “**4c.1** All payments and incentives paid to issuers between January 1 and September 30, 2011” between the following categories:
Use actual values only. Do not estimate.
4d.1 + 4d.2 = 4c.1

| |
|-------|
| 4c.1: |
| |
| |

4d.1 Payments and incentives paid between January 1 and September 30, 2011, to issuers considered exempt on October 1, 2011

4d.2 Payments and incentives paid between January 1 and September 30, 2011, to issuers considered non-exempt on October 1, 2011(include payments and incentives paid to non-exempt issuers, even though some transactions might be exempt)

Glossary of Terms

Acquirer: A person that contracts directly or indirectly with a merchant to provide settlement for the merchant's electronic debit transactions over a payment card network. An acquirer does not include a person that acts only as a processor for the services it provides to the merchant.

Card-not-present transaction: Settled purchase transaction where the purchaser does not physically present the card to the merchant, such as an Internet, telephone, or mail order transaction.

Card-present transaction: Settled purchase transaction where the purchaser physically presents the card to the merchant.

Chargeback to acquirer: The reversal of the dollar value of a particular transaction, in whole or in part, by the card issuer to the acquirer. A chargeback may be for, but not limited to, one of the following reasons: customer disputes, fraud, processing errors, authorization issues, and non-fulfillment of copy requests.

Debit card: Any card or other payment code or device, issued or approved for use through a payment card network to debit an account, regardless of the means of authorization, and regardless of whether the issuer holds the account. A debit card includes any general-use prepaid card. It does not include (1) any card or other payment code or device that is redeemable upon presentation at only a single merchant, or an affiliated group of merchants for goods or services, or (2) a check draft or similar paper instrument, or an electronic representation thereof.

Debit card transaction: Use of a debit card (including a general-use prepaid card) by a person as a form of payment in the United States to initiate a debit to an account. It does not include credit card transactions or transactions initiated at an ATM.

Dual-message (signature) transaction: Transaction type by which authorization information is carried in one message and clearing information is carried in a separate message.

Exempt general-use prepaid card transaction: Transaction using a general-use prepaid card that is exempt from the interchange fee standards in Regulation II, specifically (1) a transaction made using a general-use prepaid card that has been provided to a person pursuant to a federal, state, or local government-administered payment program through which the cardholder may use the debit card only to transfer or debit funds, monetary value, or other assets that have been provided pursuant to such program; (2) a transaction made using a general-use prepaid card that is (i) not issued or approved for use to access or debit any account held by or for the benefit of the cardholder (other than a subaccount or other method of recording or tracking funds purchased or loaded on the card on a prepaid basis), (ii) reloadable and not marketed or labeled as a gift card or gift certificate, and (iii) the only means of access to the underlying funds, except when all remaining funds are provided to the cardholder in a single transaction.

Exempt issuer: An issuer is exempt from the interchange fee standards for CY 2011 if that issuer has total worldwide banking and nonbanking assets, including assets of affiliates, other than trust assets under management, that are less than \$10 billion, as of December 31, 2010.

General-use prepaid card: 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.

Interchange fees paid by acquirers and received by issuers: Any fee established, charged, or received by a payment card network and paid by a merchant or an acquirer for the purpose of compensating an issuer for its involvement in the debit card transaction.

Issuer: Any person that authorizes the use of a debit card to perform an electronic debit transaction.

Network fees received from acquirers and issuers: Total switch fees and other fees charged by card networks, including both fixed fees and per-transactions fees. Exclude fees for optional services related to transaction processing that may be provided by a card network or an affiliate of a card network.

Number of merchant establishments: For a specific payment card network, the number of locations at which merchants accept payments on that network in the United States. For chains, report each location of the chain separately. For example, if a chain has 25 locations then report 25 establishments for that chain.

Payments and incentives paid by network to acquirers, merchants, and issuers: Payments made by the payment card network to acquirers, merchants, and issuers with respect to debit card transactions or debit-card-related activity. Acquirer, merchant, and issuer incentives may be based on reaching specified volume levels, marketing activities that promote the network's brand, converting the issuer's debit card base to a different signature network, or other activities. Exclude payments that a network pays an issuer for traditional banking services the issuer provides the network (e.g., transaction account services to the network).

Return to acquirer: A transaction, in whole or in part, that is returned to an acquirer for the return of goods and services by the cardholder.

Settled purchase transaction: A debit card transaction that has been settled. Exclude transactions that are pre-authorizations, denials, adjustments, and returns.

Single-message (PIN) transaction: Transaction type by which authorization and clearing information is carried in one message.

Three-party systems: Systems where debit transactions are processed by an entity that acts as system operator and issuer, and may also act as the acquirer.

United States: The states, territories, and possessions of the U.S., the District of Columbia, the Commonwealth of Puerto Rico, or any political subdivision of any of the foregoing.