

**Supporting Statement for the
Federal Reserve Payments Study
(FR 3066a and FR 3066b; OMB No. 7100-0351)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Federal Reserve Payments Study (OMB No. 7100-0351). The Federal Reserve Payments Study (FRPS) is supported by the following surveys:

- Depository and Financial Institutions Payments Survey (FR 3066a), and
- Networks, Processors, and Issuers Payments Surveys (FR 3066b)

The FRPS collects information from organizations with a significant role in processing payments, including depository and financial institutions, general-purpose payment networks, third-party payment processors, issuers of private-label payment instruments, and providers of various alternative payment methods and systems and help to support the Federal Reserve System's (Federal Reserve's) role in the payments system. The FR 3066a and FR 3066b consist of a full set of surveys every three years and smaller versions of the surveys (fewer surveys, questions, or respondents) in each year between. The FRPS publishes aggregate estimates of noncash payment volumes, cash deposits and withdrawals, and related information derived from the surveys.

The Board proposes to revise the FRPS by structuring it as a partially ad hoc collection.¹ No changes are proposed to the current content or respondent panels for the FR 3066a and FR 3066b at this time—the surveys will contain the same core content that remains essentially unchanged from year to year. However, structuring the FRPS as partially ad hoc collection will improve its ability to collect relevant information in response to changing conditions in payments markets by streamlining the ability to add, remove, or modify survey items and respondents based on the Federal Reserve's information needs. Some changes to the surveys may persist from year to year.

The current estimated average total annual burden for the FR 3066 is 12,350 hours and would remain unchanged with the proposed revisions.

¹ Certain criteria apply to information collections conducted via the Board's ad hoc clearance process. Such information collections shall (1) be vetted by the Board's clearance officer, as well as the Division director responsible for the information collection; (2) display the OMB control number; (3) inform respondents that the information collection has been approved; (4) be used only in such cases where response is voluntary; (5) not be used to substantially inform regulatory actions or policy decisions; (6) be conducted only and exactly as described in the OMB submission; (7) involve only noncontroversial subject matter that will not raise concerns for other Federal agencies; (8) include a detailed justification of the effective and efficient statistical survey methodology (if applicable); and (9) collect personally identifiable information (PII) only to the extent necessary (if collecting sensitive PII, the form must display a current Privacy Act notice). In addition, for each information collection instrument, respondent burden will be tracked and submitted to OMB.

Background and Justification

The FR 3066a and FR 3066b are part of the latest iteration of the FRPS, which has been a collaborative effort of the Federal Reserve Bank of Atlanta (FRB Atlanta) and the Board since 2000. The FRPS originated from a Federal Reserve System-wide effort to improve the measurement and public availability of information on volumes and trends in checks and other noncash payments. The FRPS filled a significant gap in quantitative information on U.S. noncash payments by providing a reliable and transparent non-mandatory approach to surveying payment institutions, constructing U.S. domestic total estimates from the survey data, and publishing them. The focus of the surveys has adapted to the substantial evolution and growth in emerging and innovative payment types over time, as well as the refreshed strategic direction of Federal Reserve Financial Services. The strategic direction includes a focus on meeting the evolving needs of payment system users for end-to-end payment speed, efficiency, and security, while remaining true to a longstanding financial services mission to foster the integrity, efficiency, and accessibility of the U.S. payment system. The Retail Payments Risk Forum (RPRF) at FRB Atlanta and the Payment System Studies section at the Board jointly conduct the study using experienced contractors that engage respondents and collect and deliver survey data according to the survey design requirements set by the Federal Reserve.

Surveys in previous years received robust industry support and participation, and the aggregate estimates produced from the survey data are widely cited in academic working papers, journal articles, and industry publications, reported in the media, and used by the public, industry, and policy makers as a quantitative aggregate benchmark of noncash payments and cash withdrawal and deposit activity in the United States. As the noncash payments system grows larger and more complex, the Board expects the data collected under the FRPS to play a crucial role in objectively maintaining and updating quantitative information on the U.S. noncash payments system. The information collected through the FRPS is not available from other sources.

Description of Information Collection

The FRPS gathers information that is used by Board staff to estimate the aggregate number and value of all noncash payments, as well as cash withdrawals and deposits and cash payments made by U.S. consumers and businesses, including for-profit and not-for-profit enterprises, and federal, state, and local government agencies.

FR 3066a. The FR 3066a collects the number and value of noncash payments, cash withdrawals and deposits, third-party payments fraud, and related information from a nationally representative sample of commercial banks, savings institutions, and credit unions. It is a single survey that follows a three-year cycle and is divided into sections corresponding to payment types.² In the first of three years, the Federal Reserve requests survey participation from a nationally representative stratified random sample of depository institutions. The full survey is administered to large institutions, while shorter versions are administered to smaller institutions.

² Examples of survey forms from previous years are available at https://www.federalreserve.gov/paymentsystems/frps_survey.htm

In the second and third years, a shorter version of the survey is administered to large depository institutions.

FR 3066b. The 3066b is a set of surveys that collect the number and value of electronic payments, payments fraud, and related information from a census of major card networks, payment processors, and card issuers.³ The surveys' content varies for the different types of payment processors that are respondents for the FR 3066b. In the first of three years, surveys are administered for all payment types and processors covered by the FR 3066b. In the second and third years, surveys are administered only for some payment types, depending on information needs.

Respondent Panel

The FR 3066a panel comprises depository institutions that offer transaction deposit accounts, prepaid card program accounts, and credit card accounts to consumer, business, and government customers, including depository institutions that issue general-purpose credit cards but do not accept consumer deposits.

The FR 3066b panel comprises general-purpose credit card networks; private-label credit card merchant issuers; private-label credit card processors; general-purpose debit card networks; general-purpose prepaid card networks; automated teller machine card networks; general-purpose prepaid card processors; electronic benefits transfer card processors; private-label prepaid card issuers and processors; P2P and money transfer processors; online bill payment processors; walk-in bill payment processors; private-label ACH debit card processors; toll collection processors; online payment authentication methods processors; mobile wallet processors; and transit system operators.

Proposed Revisions

The Board proposes to revise the FRPS by structuring it as a partially ad hoc collection to improve its ability to collect relevant information in response to changing conditions in payments markets by streamlining the ability to add, remove, or modify survey items and respondents based on the Federal Reserve's information needs. Under the proposed revisions, the FRPS would contain the same core substantive questions asked on prior FRPS surveys, which would generally remain consistent from year to year. However, questions could be added, modified, or removed from year to year based on the Federal Reserve's information needs.

Time Schedule for Information Collection

The FR 3066a and FR 3066b are distributed around the end of the first quarter of each year and are due by the end of the second quarter. Follow-up for nonresponse, missing items, and validation is completed by the end of the third quarter.

³ See "Respondent Panel," *infra*, for a full list of the different types of payment processors. Examples of survey forms from previous years are available at: https://www.federalreserve.gov/paymentsystems/frps_survey.htm.

Public Availability of Data

The initial data brief is normally released to the public in the fourth quarter of the year in which responses are requested and a detailed data supplement is normally released in the second quarter of the following year. Individual responses are kept confidential, but aggregate estimates may be cited in published material such as Federal Reserve Financial Services press releases or reports posted on the frbservices.org website, industry conference presentations, staff studies or working papers, professional journals, the Federal Reserve Bulletin, testimony and reports to the Congress, or other vehicles.

Legal Status

The Board uses the information obtained through the FR 3066a and FR 3066b to discharge its statutory responsibilities, including those under the following statutes:

- Section 609 of the Expedited Funds Availability Act;⁴
- Sections 904 and 920 of the Electronic Fund Transfers Act;⁵
- Section 15 of the Check Clearing for the 21st Century Act;⁶ and
- Sections 2A, 11, 11A, 13, and 16 of the Federal Reserve Act.⁷

The FR 3066a and FR 3066b are voluntary. The information contained in responses to the core questions of the FR 3066a and FR 3066b is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondent. The Board therefore keeps such information confidential pursuant to exemption 4 of the Freedom of Information Act (“FOIA”).⁸ Supplemental questions asked on each survey may vary, and the Board’s ability to keep confidential responses to such questions must therefore be determined on a case-by-case basis. Responses to supplemental questions may contain nonpublic commercial information that would be kept confidential by the Board pursuant to exemption 4 of the FOIA. Some such responses may also contain information contained in or related to an examination of a financial institution, which would be kept confidential under exemption 8 of the FOIA.⁹

Consultation Outside of the Agency

As part of the routine execution of the surveys, the Federal Reserve’s contractors that recruit responses and collect survey data engage with potential participants to review, explain, and obtain feedback about the surveys. These conversations help to develop or

⁴ 12 U.S.C. § 4008(c) (authorizing the Board to prescribe such regulations as it may determine appropriate to carry out its responsibility to regulate the payment system).

⁵ 15 U.S.C. §§ 1693b, 1693o-2 (authorizing the Board to prescribe regulations relating to interchange fees for electronic debit transactions and require any debit card issuer or payment card network to provide the Board with such information as may be necessary to carry out its responsibility to regulate interchange fees for electronic debit transactions).

⁶ 12 U.S.C. § 5014 (authorizing the Board to prescribe such regulations as it determines necessary to implement, prevent circumvention or evasion of, or facilitate compliance with the Expedited Funds Availability Act, as amended).

⁷ 12 U.S.C. §§ 225a, 248, 248a, 342, 360, and 248-1 (*inter alia*, requiring the Board to maintain long run growth of the monetary and credit aggregates commensurate with the economy’s long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates).

⁸ 5 U.S.C. § 552(b)(4).

⁹ 5 U.S.C. § 552(b)(8).

revise proposed questions to make them as relevant to and substantively consistent with industry practices as possible.

Public Comments

On April 6, 2022, the Board published an initial notice in the *Federal Register* (87 FR 19924) requesting public comment for 60 days on the extension, with revision, of the FR 3066. The comment period for this notice expires on June 6, 2022.

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 3066 is 12,350 hours and would stay the same with the proposed revisions. For the FR 3066a the Board estimates 1,400 respondents for the triennial year in which a representative sample survey is administered, and 70 respondents for each of the annual supplement years in which the largest depository and financial institutions are surveyed. This yields an average of 513 respondents per year for the FR 3066a. For the FR 3066b the Board estimates 280 respondents for the three-year survey and 60 respondents for the smaller supplements. This yields an average of 133 respondents per year for the FR 3066b. The Board estimates that the average hours per response are the same across all years for both the FR 3066a and FR 3066b. These reporting requirements represent less than 1 percent of the Board’s total paperwork burden.

FR 3066	<i>Estimated number of respondents</i> 10	<i>Annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Current				
FR 3066a	513	1	22	11,286
FR 3066b	133	1	8	<u>1,064</u>
	<i>Total</i>			12,350

The current estimated total annual cost to the public for this information collection is \$746,558.¹¹

Sensitive Questions

¹⁰ Of the respondents to this information collection, 234 for the FR 3066a and 30 for the FR 3066b are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support--table-size-standards>.

¹¹ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), Occupational Employment and Wages, May 2021, published March 31, 2022 <https://www.bls.gov/news.release/ocwage.t01.htm#>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.

These collections of information contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimated Cost to the Federal Reserve System

The cost of the surveys to the Federal Reserve System depends mostly on the cost of the contractors engaged by the RPRF, as sponsor, to assist with the surveys. The estimated cost is \$5.1 million to conduct FR 3066a and FR 3066b during this three-year period. The Reserve Bank expenditure is approved under budget item 3982 – Financial System Research and Strategic Planning, and, as required, has received endorsement by the Reserve Banks’ Financial Services Policy Committee chair and approval by the Division Director of the Board’s Division of Reserve Bank Operations and Payment Systems. The Federal Reserve anticipates that the RPRF would manage and conduct the survey process at no incremental Federal Reserve staffing cost compared with previous efforts. No other Reserve Bank or Board staff is anticipated to be required.