

**Supporting Statement for the
Government-Administered, General-Use Prepaid Card Surveys
(FR 3063a and b; OMB No. 7100-0343)**

Summary

The Board of Governors of the Federal Reserve System (the Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the following surveys (FR 3063a and 3063b; OMB No. 7100-0343):

1. The **issuer survey (FR 3063a)** collects data from issuers of government-administered, general-use prepaid cards including card program information, cards outstanding, card funding, ATM transactions, purchase transactions, fees paid by issuers to third parties, interchange fees, and cardholder fees. The issuer survey (FR 3063a) is mandatory.
2. The **government survey (FR 3063b)** collects data from state governments, the District of Columbia, and U.S. territories (collectively “state governments”), and municipal government offices located within the United States (local government offices) that administer general-use prepaid card payment programs.¹ Data collected from government offices include program information, the number of cards outstanding, and funding information. The government survey (FR 3063b) is voluntary.

The Board uses data from these surveys to support an annual report to the Congress on the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs and on the interchange and cardholder fees charged with respect to such use of such cards. The total current annual burden for the surveys combined is estimated to be 1,750 hours.

Background and Justification

Section 1075(a) of the Dodd-Frank Act requires that the Board provide annually a report to the Congress regarding the prevalence of the use of general-use prepaid cards in federal, state, and local government-administered payment programs, and the interchange and cardholder fees charged with respect to the use of such prepaid cards.² Section 1075(a) of the Dodd-Frank Act also provides the Board with authority to require card issuers to respond to information requests as may be necessary to carry out the provisions of the section.

¹ The issuer and government surveys request information on all federal, state, or local government-administered payment programs that provide a general-use prepaid card (or other debit card) disbursement option to payment recipients. The government survey may be distributed to federal government agencies in addition to state and local governments, but collections of information from federal government agencies are not subject to the Paperwork Reduction Act and, thus, are not included in this discussion.

U.S. territories include American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, and U.S. Virgin Islands.

² 15 U.S.C. 1693o-2(a)(7)(D).

Description of Information Collection

The FR 3063 comprises two surveys: (1) the issuer survey (FR 3063a) and (2) the government survey (FR 3063b). A general description of these surveys is provided below.

Issuer Survey (FR 3063a)

The issuer survey is mandatory for depository institutions that issue general-use prepaid cards for federal, state, or local government-administered payment programs. The survey requests information on cards associated with accounts domiciled in the United States, the District of Columbia, and U.S. territories.

The current survey collects information on government-administered payment programs for which the depository institution is the issuer of general-use prepaid cards. The survey collects program information aggregated to the jurisdiction level (a separate questionnaire is provided for federal programs and state/local programs).³ The cards issued pursuant to government-administered payment programs may be either reloadable or non-reloadable.

The current issuer survey comprises eight sections:

- I. Program Information:** Respondents report information on card programs covered in their response including the number of programs, the name of the programs, and the name of the sponsoring government agencies.
- II. Card Funding:** Respondents report information on the number of cards outstanding and the value of funds loaded into prepaid card accounts.
- III. Cash Withdrawals:** Respondents report information on ATM and over-the-counter (OTC) at-bank cash withdrawals.
- IV. Purchase Transactions:** Respondents report information on the volume and value of settled purchase transactions.
- V. Fees Paid by Issuers:** Respondents report the value of fees paid by issuers to third parties for cash withdrawals.
- VI. Issuer Revenue: Interchange Fees:** Respondents report information on interchange fee revenue received on settled purchase transactions.
- VII. Issuer Revenue: Cardholder Fees:** Respondents report information on fees assessed to cardholders, including purchase transaction fees, ATM fees, OTC fees, account servicing fees, routine monthly fees, customer service inquiry fees, overdraft fees, penalty fees, and all other cardholder fees.
- VIII. Issue Revenue: Other:** Respondents report information on revenue received from sources not covered in other sections of the survey.

³ A program's jurisdiction is determined by the government agency that administers the program. For example, a program is considered state/local if it is administered by a state government agency even if the program is federally funded.

Government Survey (FR 3063b)

The government survey is voluntary for state and local government offices that use prepaid cards to disburse funds to payment recipients. The survey collects information about the prevalence of use of general-use prepaid cards in federal, state, and local government-administered payment programs. The current government survey comprises three sections:

- I. Government-Administered, General-Use Prepaid Card Program**
Information: Respondents report information on the government-administered payment programs covered in the response, sponsoring government agencies, the jurisdiction of the agencies, geographic areas in which prepaid cards have been issued, card issuing banks, the type of payment programs, the number of recipients receiving payments (by any payment method), and the number of recipients receiving payments by prepaid cards.
- II. Number of Cards:** Respondents report information on the number of cards outstanding at year-end.
- III. Funds Disbursed to Payment Recipients:** Respondents report information on the value of funds loaded into prepaid card accounts and the value of all funds paid by other payment methods.

Reporting Panel

The Board estimates that there are approximately 25 depository institutions subject to the requirements of the FR 3063a. The Board also anticipates that the FR 3063b will be distributed to approximately 75 state and local government offices in the United States that administer general-use prepaid cards.⁴

Time Schedule for Information Collection and Publication

The Board is required to provide an annual report to the Congress on government-administered, general use prepaid cards. The Board would make the issuer and government surveys available by mid-February 2018 and would request that the surveys be submitted to the Board within 60 calendar days.

Legal Status

The Board's Legal Division has determined that both the issuer survey and the government survey are authorized by subsection 920(a) of the Electronic Fund Transfer Act, which was amended by section 1075(a) of the Dodd-Frank Act (15 U.S.C. § 1693o-2). This subsection requires the Board to submit an annual report to Congress on the prevalence of the use of general-use prepaid cards in Federal, State or local government-administered payment programs and the interchange transaction fees and card-holder fees charged with respect to the use of such general-use prepaid cards (15 U.S.C. § 1693o-2(a)(7)(D)). It also provides the Board with authority to require issuers to provide information to enable the Board to carry out the

⁴ FR 3063b Survey Glossary of terms - 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.

provisions of the subsection (15 U.S.C. § 1693o-2(a)(3)(B)). The obligation of issuers to respond to the issuer survey (FR 3063a) is mandatory. However, the obligation of state governments and local government offices to respond to the government survey (FR 3063b) is voluntary.

All of the information collected on the government survey and a limited amount of information collected on the issuer survey is publicly available, and thus, is not accorded confidential treatment. However, most of the information collected on the issuer survey is not publicly available and may be kept confidential as explained herein. Data collected by the issuer survey may be kept confidential under exemption (b)(4) of the Freedom of Information Act (FOIA), which exempts from disclosure “trade secrets and commercial or financial information obtained from a person and privileged or confidential” (5 U.S.C. § 552(b)(4)). Such data may be kept confidential under exemption 4 if the release of data would cause substantial harm to the competitive position of the issuer. For example, certain issuer survey responses would likely contain information related to an organization’s revenue structure and other proprietary and commercial information and the release of such information would cause substantial harm to the competitive position of the issuer and could therefore be kept confidential under exemption 4.

Consultation Outside of the Agency

On June 5, 2017, the Board published a notice in the *Federal Register* (82 FR 25801) requesting public comment for 60 days on the proposal to extend without revision the FR 3063a and FR 3063b.

Estimate of Respondent Burden

The current annual reporting burden for the FR 3063 surveys is estimated to be 1,750 hours as shown in the following table. The Board estimates that approximately 25 depository institutions would take, on average, 25 hours each to complete the proposed issuer survey. In addition, the Board estimates that approximately 75 state and local government offices would take, on average, 15 hours each to complete the proposed government survey. The surveys represent less than 1 percent of the total Federal Reserve System paperwork burden.

	<i>Number of respondents⁵</i>	<i>Annual Frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated total annual burden hours</i>
Issuer survey (FR 3063a)	25	1	25 hours	625
Government survey (FR 3063b)	75	1	15 hours	<u>1,125</u>
<i>Total</i>				1,750

⁵ Of these respondents, one is estimated to be a small entity as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets). www.sba.gov/content/table-small-business-size-standards.

The current total annual reporting cost to the public (issuers and governments) for these surveys is estimated to be \$96,075.⁶

Sensitive Questions

This collection of information would contain no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The current annual cost to the Federal Reserve System for designing the surveys, contacting the respondents, and compiling the information is estimated to be around \$103,000.⁷

⁶ 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 \$18, 45% Financial Managers at \$67, 15% Lawyers at \$67, and 10% Chief Executives at \$93). 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 2016, published March 31, 2017 www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.

⁷ Total cost to the Federal Reserve System was estimated using the following formula: (estimated staff time of 1000 hours, multiplied by average hourly rate of \$50) plus estimated information technology costs of \$53,000.