

August 31, 2011 – DRAFT DEBIT CARD ISSUER SURVEY



Survey Period:
Calendar Year 2011

General Instructions

About this Survey

Section 235.8(b) of the Federal Reserve Board's Regulation II requires that issuers covered by the interchange fee standards in Regulation II file reports with the Board. This survey serves as this report. The survey solicits information regarding (1) volumes and values of debit card transactions, (2) volumes and values of chargebacks and returns to merchants, (3) the costs incurred in connection with the authorization, clearance, and settlement of debit card transactions, (4) payments and incentives paid by networks to issuers, (5) costs incurred by debit card issuers to prevent fraud in debit card transactions, (6) interchange fees charged or received by debit card issuers in connection with debit card transactions, and (7) the incidence and loss associated with fraudulent debit card transactions.

In addition, Section 235.8(c) of the Federal Reserve Board's Regulation II requires that issuers covered by the interchange fee standards in Regulation II retain records that demonstrate compliance with the requirements of part 235 for not less than five years after the end of the calendar year in which the debit card transaction occurred.

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 actually equals zero or if your financial institution does not provide the payment alternative to your customers. **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 an accurate 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 Edith Collis at 202-452-3638 or e-mail Interchange.Survey@frb.gov for assistance.

The survey will be made available online at www. Please complete the survey within 60 calendar days.

Response Confidentiality and Burden

The Federal Reserve Board regards the individual organization information provided by each respondent as confidential (5 U.S.C. § 552(b)(4)). The Board, however, may publish aggregate or summary information in a way that does not reveal your individual organization's confidential information. If it should be determined subsequently that any information collected on this form must be released, the respondents will be notified.

Public reporting burden for this collection of information is estimated to be 80 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 email 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 the debit card issuer covered in this response:

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

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

Name		Email	
Section		Phone	

3. Do you have a general-use prepaid card program? Yes No

Section II: All Debit Card Transactions (including general-use prepaid card transactions)

Please enter totals only for transactions and associated costs 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 cards). Include both consumer and business card transactions.

Do Not Include: ATM or credit card transactions.

1. CY 2011 debit card transactions (including general-use prepaid 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		
General-use prepaid card transactions vs. all other debit card transactions	Volume	Value (\$)
1c. Allocate "1a. Settled purchase transactions" between the following categories: <i>1c.1 + 1c.2 = 1a</i>	1a:	1a:
1c.1 General-use prepaid card transactions		
1c.2 All other debit card transactions		

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

Volume

Value (\$)

1d. Allocate "1c.1 General-use prepaid card transactions" between the following categories:
 $1d.1 + 1d.2 = 1c.1$

1c.1:	1c.1:
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1d.1 Exempt general-use prepaid card transactions

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1d.2 Non-exempt general-use prepaid card transactions

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2. CY 2011 chargebacks and returns

Volume

Value (\$)

2a. Total chargebacks to acquirers

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2b. Allocate "2a. Total chargebacks to acquirers" between the following categories:
 $2b.1 + 2b.2 = 2a$

2a:	2a:
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2b.1 Fraud-related chargebacks

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2b.2 All other chargebacks (not related to fraud)

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2c. Total returns to acquirers

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Include: All costs of authorization, clearance, and settlement of all purchase transactions, chargebacks, and other non-routine transactions. Include transactions monitoring costs, network processing fees, and third-party processing fees.

Do Not Include: Any costs that are not related to the authorization, clearance, and settlement of purchase transactions, chargebacks, and other non-routine transactions. For example, do not include costs related to corporate overhead, account relationships, rewards programs, non-sufficient funds handling, non-sufficient funds losses, cardholder inquiries, card production and delivery, fraud prevention costs that are not incurred as part of authorization, and fraud losses. In the case of general-use prepaid card transactions, do not include costs associated with funds loads or account set-up and maintenance.

For capital expenditures associated with authorization, clearance, and settlement: Report costs that are depreciated or amortized during 2011.

For costs shared with other card programs or activities: Allocate the costs based on the number of transactions. For example, if your institution has shared costs for debit and credit card operations, allocate those costs to debit card operations based on the proportion of debit card transactions to total debit and credit card transactions.

3. CY 2011 costs of authorization, clearance, and settlement

Dollars (\$)

3a. Costs of authorization, clearance, and settlement

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3b. Allocate "3a. Costs of authorization, clearance, and settlement" between the following categories:

3a:

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

3b.1 In-house costs

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3b.2 Third-party processing fees

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3b.3 Network processing fees

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3c. Does your institution outsource processing to a processing affiliate under the same holding company?

Yes

No

If yes, costs should be included in 3b.1

4. Payments and incentives paid by network to issuer

Dollars (\$)

4a. Payments and incentives paid by network to issuer

4b. Allocate "4a. Payments and incentives paid by network to issuer" between the following categories:

$$4b.1 + 4b.2 + 4b.3 + 4b.4 = 4a$$

4b.1 Volume-based payments and incentives

4b.2 Payments and incentives to convert card base to a different signature network

4b.3 Marketing payments and incentives

4b.4 Other payments and incentives

4a:

Please describe the types of payments and incentives included in "4b.4 Other payments and incentives":

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6. CY 2011 interchange fee revenue

Dollars (\$)

6a. Total interchange fee revenue received
(gross interchange fee revenue)

6a.1 Interchange fees reimbursed to acquirers as
a result of chargebacks

6a.2 Interchange fees reimbursed to acquirers as
a result of returns

7. CY 2011 fraudulent transactions

Number

7a. Total number of fraudulent transactions

7b. Allocate "7a. Total number of fraudulent
transactions" between the following categories:
Include each fraudulent transaction in only one category
 $7b.1 + 7b.2 + 7b.3 + 7b.4 + 7b.5 = 7a$

7b.1 Card-not-present

7b.2 Counterfeit

7b.3 Lost and stolen

7b.4 Account takeover

7b.5 Other

7a:

Please describe the types of fraudulent transactions included in "7b.5 Other":

8. CY 2011 fraud losses: all types

Dollars (\$)

8a. Gross value of fraudulent transactions

Less: 8a.1 Fraud-related chargebacks to acquirers net of representments

Less: 8a.2 Losses absorbed by cardholders

8b. Losses incurred by issuer
 $8b = 8a - 8a.1 - 8a.2$

9. CY 2011 fraud losses: card-not-present

Dollars (\$)

9a. Gross value of fraudulent transactions

Less: 9a.1 Fraud-related chargebacks to acquirers net of representments

Less: 9a.2 Losses absorbed by cardholders

9b. Losses incurred by issuer
 $9b = 9a - 9a.1 - 9a.2$

10. CY 2011 fraud losses: counterfeit

Dollars (\$)

10a. Gross value of fraudulent transactions

Less: 10a.1 Fraud-related chargebacks to acquirers net of representments

Less: 10a.2 Losses absorbed by cardholders

10b. Losses incurred by issuer
 $10b = 10a - 10a.1 - 10a.2$

11. CY 2011 fraud losses: lost and stolen

Dollars (\$)

11a. Gross value of fraudulent transactions

Less: 11a.1 Fraud-related chargebacks to acquirers net of representations

Less: 11a.2 Losses absorbed by cardholders

11b. Losses incurred by issuer
11b = 11a - 11a.1 - 11a.2

12. CY 2011 fraud losses: account takeover

Dollars (\$)

12a. Gross value of fraudulent transactions

Less: 12a.1 Fraud-related chargebacks to acquirers net of representations

Less: 12a.2 Losses absorbed by cardholders

12b. Losses incurred by issuer
12b = 12a - 12a.1 - 12a.2

13. CY 2011 fraud losses: other

Dollars (\$)

13a. Gross value of fraudulent transactions

Less: 13a.1 Fraud-related chargebacks to acquirers net of representations

Less: 13a.2 Losses absorbed by cardholders

13b. Losses incurred by issuer
13b = 13a - 13a.1 - 13a.2

Section III: All Single-Message (PIN) Debit Card Transactions (including general-use prepaid card transactions)

This would be an exact copy of Section II above but for single-message (PIN) debit programs (including general-use prepaid card transactions) only.

Section IV: All Dual-Message (Signature) Debit Card Transactions (including general-use prepaid card transactions)

This would be an exact copy of Section II above but for dual-message (signature) debit programs (including general-use prepaid card transactions) only.

Glossary of Terms

Account takeover fraud: Debit card fraud identified as having occurred as a result of the unauthorized use of account information.

Card-not-present fraud: Fraud related to card-not-present transactions.

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

Card-present transaction: Settled purchase transaction that is *not* a card-not-present transaction.

Chargeback to acquirers: 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.

Costs of authorization, clearance, and settlement: These costs include transactions-monitoring costs, network processing fees, and third-party processing fees. These costs do not include, for example, costs related to corporate overhead, account relationships, rewards programs, non-sufficient funds handling, non-sufficient funds losses, cardholder inquiries, card production and delivery, fraud-prevention costs that are not incurred as part of authorization, and fraud losses. These costs do not include costs associated with funds loads (or deposits) or account set-up and maintenance. These costs should be provided for purchase transactions, chargebacks, and other non-routine transactions.

Counterfeit fraud: Fraud identified as having occurred through the use of a counterfeit reproduction of a debit card.

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 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 (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.

Fraud-related chargeback: The value of a fraudulent debit card transaction that is charged back to acquirers.

Fraud-related chargebacks to acquirers net of representments: The value of fraudulent debit card transactions that are charged back to acquirers less the value of representments made by acquirers to debit card issuers.

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.

Gross value of fraudulent transactions: The total value of fraudulent debit card transactions before any recoveries or chargebacks.

In-house costs: Costs of authorization, clearance, and settlement functions that are not outsourced to third parties. Include costs incurred by the card issuer or a processing affiliate under the same holding company.

Losses absorbed by cardholders: The value of losses that an issuer recovers from its cardholders. Include any chargebacks to cardholder accounts.

Lost and stolen fraud: Fraud identified as having occurred through the use of a lost or stolen debit card.

Network processing fees: Total fees charged by payment card networks for services that are required for the network processing of transactions. They do not include any fees for optional services related to transaction processing that may be provided by a payment card network or an affiliate of a payment card network. They do not include any network fees that are not directly linked to the processing of transactions, such as membership or license fees.

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

Returns to acquirers: 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.

Third-party processing fees: Fees paid to external service providers for services related to the authorization, clearance, and settlement of debit card transactions that are performed by those service providers on behalf of the debit card issuer. Service providers may include payment card networks or affiliates of payment card networks to the extent that such parties provide optional

services related to transaction processing. They do not include other fees charged by a payment card network for services that are required for the network processing of transactions.

Total fraud-prevention and data-security costs: Costs related to activities aimed at identifying and preventing debit card fraud, costs related to the monitoring of the incidence of, reimbursements received for, and losses incurred from debit card fraud, costs related to responding to suspected and realized debit card fraud in order to prevent or limit losses, costs incurred in securing the data processing and communications infrastructure of debit card operations, and costs incurred in the development or improvement of fraud-prevention technologies.

Total interchange fee revenue received: Total value of fees received that are 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.

Total number of fraudulent transactions: The total number of all fraudulent debit card transactions identified by the issuer. Include fraudulent transactions charged back to acquirers.

Transactions monitoring costs: Costs related to programs that monitor transactions in order to assist in the authorization process by providing information to the issuer before the issuer decides to approve or decline the transaction. These costs include the costs of neural networks and fraud-risk scoring systems.

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. U.S. territories include American Samoa, Federal States of Micronesia, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Republic of Palau, Republic of the Marshall Islands, and U.S. Virgin Islands.

August 31, 2011 – DRAFT 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 about (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.

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 actually equals zero or if your financial institution does not provide the payment alternative to your customers. **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 an accurate 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 Interchange.Survey@frb.gov for assistance.

The survey will be made available online at www.frb.gov. Please complete the survey within 30 calendar days.

Response Confidentiality and Burden

The Federal Reserve Board regards the individual organization information provided by each respondent as confidential (5 U.S.C. § 552(b)(4)). The Board, however, may publish aggregate or summary information in a way which does not reveal your individual organization's confidential information. If it should be determined subsequently that any information collected on this form must be released, the respondents will be notified.

Public reporting burden for this collection of information is estimated to be 25 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. Network covered in this response

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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

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 locations in the United States

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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 cards). Include 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		
General-use prepaid card transactions vs. all other debit card transactions	Volume	Value (\$)
1c. Allocate "1a. Settled purchase transactions" between the following categories: <i>1c.1 + 1c.2 = 1a</i>	1a:	1a:
1c.1 General-use prepaid card transactions		
1c.2 All other debit card transactions		

General-use prepaid card exemption:

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

Volume

Value (\$)

1d. Allocate "1c.1 General-use prepaid card transactions" between the following categories:
 $1d.1 + 1d.2 = 1c.1$

1c.1:	1c.1:

1d.1 General-use prepaid card transactions that are exempt from the interchange fee standards

1d.2 General-use prepaid card transactions that are not exempt from the interchange fee standards

Small issuer exemption:

Transactions using cards of exempt vs. non-exempt issuers

Volume

Value (\$)

1e. Allocate "1a. Settled purchase transactions" between the following categories:
 $1e.1 + 1e.2 = 1a$

1a:	1a:

1e.1 Settled purchase transactions made with a debit card issued by institutions that are exempt from the interchange fee standards

1e.2 Settled purchase transactions made with a debit card issued by institutions that are not exempt from the interchange fee standards

Transactions using cards of exempt issuers:

Pre- and post-effective date

Volume

Value (\$)

1f. Allocate "1e.1 Settled purchase transactions made with a debit card issued by institutions that are exempt from the interchange fee standards" between the following categories:
 $1f.1 + 1f.2 + 1f.3 = 1e.1$

1e.1:	1e.1:

1f.1 Transactions settled between January 1 and June 30, 2011

1f.2 Transactions settled between July 1 and September 30, 2011

1f.3 Transactions settled between October 1 and December 31, 2011

Transactions using cards of non-exempt issuers:

Pre- and post-effective date

Volume

Value (\$)

1g. Allocate "1e.2 Settled purchase transactions made with a debit card issued by institutions that are not exempt from the interchange fee standards" between the following categories:
 $1g.1 + 1g.2 + 1g.3 = 1e.2$

1e.2:	1e.2:

1g.1 Transactions settled between January 1 and June 30, 2011

1g.2 Transactions settled between July 1 and September 30, 2011

1g.3 Transactions settled between October 1 and December 31, 2011

CY 2011 chargebacks and returns

Volume

Value (\$)

1h. Total chargebacks to acquirers

1i. Total returns to acquirers

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

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

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

Dollars (\$)

2b. Allocate "2a. Interchange fees received from acquirers and paid to issuers" between the following categories:

$$2b.1 + 2b.2 = 2a$$

2b.1 Interchange fees on card-present transactions

2b.2 Interchange fees on card-not-present transactions

2a:

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

Dollars (\$)

2c. Allocate "2a. Interchange fees received from acquirers and paid to issuers" between the following categories:

$$2c.1 + 2c.2 = 2a$$

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

2c.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 (\$)

2d. Allocate “2c1. Interchange fees on general-use prepaid card transactions” between the following categories:

$$2d.1 + 2d.2 = 2c.1$$

2d.1 Interchange fees on general-use prepaid card transactions that are exempt from the interchange fee standards

2d.2 Interchange fees on general-use prepaid card transactions that are not exempt from the interchange fee standards

2c.1:

Small issuer exemption:

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

Dollars (\$)

2e. Allocate “2a. Interchange fees received from acquirers and paid to issuers” between the following categories:

$$2e.1 + 2e.2 = 2a$$

2e.1 Interchange fees paid to institutions that are exempt from the interchange fee standards

2e.2 Interchange fees paid to institutions that are not exempt from the interchange fee standards

2a:

Interchange fees to exempt issuers:

Pre- and post-effective date

Dollars (\$)

2f. Allocate "2e.1 Interchange fees paid to institutions that are exempt from the interchange fee standards" between the following categories:

$$2f.1 + 2f.2 + 2f.3 = 2e.1$$

- 2f.1 Interchange fees related to transactions that settled between January 1 and June 30, 2011
- 2f.2 Interchange fees related to transactions that settled between July 1 and September 30, 2011
- 2f.3 Interchange fees related to transactions that settled between October 1 and December 31, 2011

2e.1:

Interchange fees to non-exempt issuers:

Pre- and post-effective date

Dollars (\$)

2g. Allocate "2e.2 Interchange fees paid to institutions that are not exempt from the interchange fee standards" between the following categories:

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

- 2g.1 Interchange fees related to transactions that settled between January 1 and June 30, 2011
- 2g.2 Interchange fees related to transactions that settled between July 1 and September 30, 2011
- 2g.3 Interchange fees related to transactions that settled between October 1 and December 31, 2011

2e.2:

Interchange fees on chargebacks and returns

- 2h. Does your payment card network refund to the acquirer all the interchange fee for chargebacks? Yes No
If your answer is "Yes" proceed to question 2i
- 2h.1 If your answer to 2h. was "No" does your payment card network refund to the acquirer any or all of the ad valorem component of the interchange fee for chargebacks? Yes No
- 2h.2 If your answer to 2h. was "No" does your payment card network refund to the acquirer any or all of the fixed per-transaction component of the interchange fee for chargebacks? Yes No
- 2i. Does your payment card network refund to the acquirer all the interchange fee for returns? Yes No
If your answer is "Yes" proceed to question 3
- 2i.1 If your answer to 2i. was "No" does your payment card network refund to the acquirer any or all of the ad valorem component of the interchange fee for returns? Yes No
- 2i.2 If your answer to 2i. was "No" does your payment card network refund to the acquirer any or all of the fixed per-transaction component of the interchange fee for returns? Yes No

3. CY 2011 network fees

Dollars (\$)

3a. Network fees received from acquirers and issuers

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Network fees assessed to acquirers vs. issuers

Dollars (\$)

3b. Allocate "3a. Network fees received from acquirers and issuers" between the following categories:

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

3b.1 Network fees received from acquirers

3b.2 Network fees received from issuers

3a:

Small issuer exemption:
Network fees on exempt vs. non-exempt issuers

Dollars (\$)

3c. Allocate "3b.2. Network fees received from issuers" between the following categories:

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

3c.1 Network fees received from issuers that are exempt from the interchange fee standards

3c.2 Network fees received from issuers that are not exempt from the interchange fee standards

3a:

Network fees on exempt issuers:

Pre- and post-effective date

Dollars (\$)

3d. Allocate “3c.1 Network fees received from issuers that are exempt from the interchange fee standards” between the following categories:

$$3d.1 + 3d.2 + 3d.3 = 3c.1$$

3d.1 Network fees related to transactions that settled between January 1 and June 30, 2011

3d.2 Network fees related to transactions that settled between July 1 and September 30, 2011

3d.3 Network fees related to transactions that settled between October 1 and December 31, 2011

3c.1:

Network fees on non-exempt issuers:

Pre- and post-effective date

Dollars (\$)

3e. Allocate “3c.2 Network fees received from issuers that are not exempt from the interchange fee standards” between the following categories:

$$3e.1 + 3e.2 + 3e.3 = 3c.2$$

3e.1 Network fees related to transactions that settled between January 1 and June 30, 2011

3e.2 Network fees related to transactions that settled between July 1 and September 30, 2011

3e.3 Network fees related to transactions that settled between October 1 and December 31, 2011

3c.2:

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

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

4a:

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

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

--

4b.2 Payments and incentives paid to issuers

--

Payments and incentives paid to issuers

Dollars (\$)

4c. Allocate "4b.2 Payments and incentives paid to issuers" between the following categories:

4b.2:

$4c.1 + 4c.2 + 4c.3 + 4c.4 = 4b.2$

4c.1 Volume-based payments and incentives

--

4c.2 Payments and incentives to convert card base to a different signature network

--

4c.3 Marketing payments and incentives

--

4c.4 Other payments and incentives

--

Please describe the types of payments and incentives included in "4c.4 Other payments and incentives":

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Small issuer exemption:

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

Dollars (\$)

4d. Allocate "4b.2 Payments and incentives paid to issuers" between the following categories
 $4d.1 + 4d.2 = 4b.2$

4d.1 Payments and incentives paid to issuers that are exempt from the interchange fee standards

4d.2 Payments and incentives paid to issuers that are not exempt from the interchange fee standards

4b.2:

Payments and incentives paid to exempt issuers:

Pre- and post-effective date

Dollars (\$)

4e. Allocate "4d.1 Payments and incentives paid to issuers that are exempt from the interchange fee standards" between the following categories:

$$4e.1 + 4e.2 + 4e.3 = 4d.1$$

4e.1 Payments and incentives paid between January 1 and June 30, 2011

4e.2 Payments and incentives paid between July 1 and September 30, 2011

4e.3 Payments and incentives paid between October 1 and December 31, 2011

4d.1:

Payments and incentives paid to non-exempt issuers:

Pre- and post-effective date

Dollars (\$)

4f. Allocate "4d.2 Payments and incentives paid to issuers that are not exempt from the interchange fee standards" between the following categories:

$$4f.1 + 4f.2 + 4f.3 = 4d.2$$

4f.1 Payments and incentives paid between January 1 and June 30, 2011

4f.2 Payments and incentives paid between July 1 and September 30, 2011

4f.3 Payments and incentives paid between October 1 and December 31, 2011

4d.2:

Glossary of Terms

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

Card-present transaction: Settled purchase transaction that is *not* a card-not-present transaction.

Chargeback to acquirers: 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.

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 (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.

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.

Institution exempt from the interchange fee standards: A debit card issuer that holds the account that is debited and that, together with its affiliates, has assets of less than \$10 billion as of the end of the calendar year preceding the date of the debit card transaction.

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.

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.

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).

Returns to acquirers: 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.

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. U.S. territories include American Samoa, Federal States of Micronesia, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Republic of Palau, Republic of the Marshall Islands, and U.S. Virgin Islands.