

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

May 26, 2004

**BANKING SUPERVISION AND REGULATION:
REQUEST FOR COMMENT—
DEBIT CARD FEES**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Comment Requested on Adequacy of Existing Disclosures on Debit Card Fees (OP-1196)

The Federal Reserve Board is conducting a study on debit card fees and is requesting comments on the adequacy of existing disclosures of such fees to consumers.

Members of the Senate Banking, Housing, and Urban Affairs Committee asked the Board to study debit card fees imposed by financial institutions when their customers complete a point-of-sale debit transaction by providing their personal identification number, or PIN. This request reflected their concern that consumers may be unaware, or not adequately informed, that their bank may impose fees when the consumer chooses to use a PIN, rather than a signature, to authorize a transaction at point-of-sale.

The Electronic Fund Transfers Act (EFTA) sets forth the existing disclosure requirements governing electronic fund transfers (EFTs), and provides a basic framework for establishing the rights, liabilities, and responsibilities of participants in EFT systems. The types of transfers covered by the EFTA include transfers initiated through point-of-sale terminals, automated teller machines, and others. The statute and its implementing regulation (Regulation E) require the initial disclosure of specified terms and conditions of an EFT service, including fees, and further require terminal receipts and periodic account activity statements.

In connection with the study, the Board is soliciting comment on whether the existing disclosures required by the EFTA effectively make consumers aware of the imposition of debit card transaction fees by their financial institution when they choose to use a PIN. The Board also seeks the public's views on the need for, and the potential benefits of, requiring additional disclosures in each periodic account activity statement to reflect such debit card fees.

This Federal Register solicitation of comment is one element of the broader study requested, in which the Board has also been asked to study the prevalence of debit card PIN-use fees being imposed, and the feasibility of requiring real-time disclosure of such fees at the point of sale, among other issues.

Public comment on the specific issues identified will assist the Board in preparing the study and report that will be submitted to members of Congress in November 2004.

Comments are due by July 23, 2004.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the study on the adequacy of disclosures on debit card fees, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

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Attachment: [Docket OP 1196](#)