

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105


November 21, 2012

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Federal Reserve Board Approves Fee Schedule for Federal Reserve Bank Priced Services

On October 31, 2012, The Federal Reserve Board announced the approval of fee schedules, effective January 2, 2013, for payment services the Federal Reserve Banks provide to depository institutions (priced services).

The Reserve Banks project that they will recover 102.7 percent of their priced services costs in 2013. The Reserve Banks expect to recover all of their actual and imputed expenses, and earn a profit that is above their targeted return. Overall, the price level for Reserve Bank priced services will increase less than 1 percent in 2013 from 2012. The effective average fee paid to collect checks using the Reserve Banks' Check 21 services is expected to decline 4 percent, while the effective average fee to return a check electronically will decline 3 percent. In addition, the effective fees for the Reserve Banks' FedACH[®] service will decline marginally. The effective fees will increase about 7 percent for Fedwire[®] Funds and National Settlement Services and about 9 percent for Fedwire[®] Securities Service. The Board also approved a modest increase to FedLine[®] access fees.

The 2013 fee schedule for each of the priced services, except the check service, is included in the attached Federal Register notice. Fee schedules for all priced services will be available in the coming days on the Federal Reserve Banks' financial services website at FRBservices.org .

The Board also approved modifications to the methodology for calculating the private sector adjustment factor (PSAF), which is used in setting fees for certain payment services provided to depository institutions. The PSAF is an allowance for income taxes and other imputed expenses that would have been paid and profits that would have been earned if the Reserve Banks' priced services were provided by a private business. The Monetary Control Act of 1980 requires that the Federal Reserve establish fees to recover the costs of providing priced services, including the PSAF, over the long run, to promote competition between the Reserve Banks and private-sector providers of payment services. The PSAF methodology is reviewed periodically to ensure that it is appropriate and relevant in light of changes that may have occurred in Reserve Bank priced-services activities, accounting standards, finance theory, and regulatory and business practices.

Beginning in 2013, the Board will estimate income tax and other imputed costs from the U.S. publicly traded firm market. Previously, the estimated income tax and other imputed costs were derived from top bank holding companies under the correspondent bank model.

Lastly, the Board approved the 2013 private-sector adjustment factor (PSAF) of \$14.1 million for Reserve Bank priced services using the new model.

The Board's notices are attached.

Additional Information

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

For additional information, please contact:

Federal Reserve Bank of San Francisco
Bank Services
(888) 339-3506, Option #2

Attachment: [Notice \(326 KB PDF\)](#)

[Notice2 \(78 KB PDF\)](#)