

**Meeting Between Federal Reserve Staff
And Representatives of MasterCard
October 4, 2010**

Participants: Shawn Miles, Timothy Murphy and Noah Hanft (MasterCard); and Michael McEneney and Ryan Rogers (Sidley Austin LLP)

Louise Roseman, Jeffrey Yeganeh, Edith Collis, Jennifer Davidson, Joshua Hart, David Mills, Ky Tran-Trong, Dena Milligan, David Stein, Vivian Wong, Mark Manuszak and Elizabeth Kiser (Federal Reserve Board), and Julia Cheney (Federal Reserve Bank of Philadelphia)

Summary: Federal Reserve staff met with representatives of MasterCard to discuss the interchange fee provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Using prepared materials, representatives of MasterCard discussed security and service innovation in their debit card products; current interchange and network fees; costs of processing debit transactions; and current rules relating to transaction routing and network arrangements. Representatives of MasterCard also discussed the implications of implementing the small issuer and prepaid card exemptions under the Dodd-Frank Act, and of the process of enabling unaffiliated networks on debit cards. A copy of the handout provided by MasterCard at the meeting is attached below.



MasterCard
Worldwide



**Presentation to Staff of the Board of Governors of the
Federal Reserve System**

Agenda

- Introductions
- MasterCard Global Debit Solutions
- Debit Innovation
- Debit Interchange Standards
- Exclusivity and Routing
- MasterCard Network Fees
- Exemptions

MasterCard Global Debit Solutions



MasterCard
ATM



- ATM
- Prepaid

MasterCard
PIN Debit



- PIN POS
- ATM
- Prepaid

MasterCard
Debit



- Signature Debit
- PIN POS
- ATM
- Prepaid

MasterCard Signature Debit



	US	Worldwide*
Cards	119 MM	269 MM
Acceptance Locations	8 MM	30 MM
ATM Locations	406M	2MM

MasterCard PIN Debit



	US	Worldwide*
Cards	9MM	652MM
Acceptance Locations	2 MM	13 MM
ATM Locations	406M	2MM

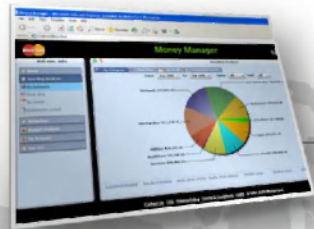
PayPass



Worldwide*	
Cards/Devices	78MM
Acceptance Locations	245M

*Source: MasterCard Data, as of 2010Q2

Debit Innovation Benefits Consumers



**MasterCard
Money Manager**



**MasterCard
inControl™**



**MasterCard
MarketPlace™**



Transit



MoneySend™



Display Card

Debit Innovation Benefits Consumers

ADVANCING CONTROL  ADVANCING COMMERCE

Help your customers see exactly where
their debit spending goes.

Besides the “investment” called children.



Debit MasterCard®

With a MasterCard® debit card, your customers get access to more than just their money. From the personalized savings of our merchant-funded rewards program, MasterCard MarketPlace™, to the visibility and controls of MasterCard inControl™ and MasterCard MoneyManager™, we have numerous options to help your customers better manage their spending. As the one truly global network with acceptance at millions of merchants and ATMs, you'll find our debit solutions are as beneficial for you as they are for your customers.

Learn more at mastercard.com/debit.





MasterCard
Worldwide

Debit Innovation Benefits Consumers

The New York Times

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NEW YORK, SATURDAY, AUGUST 14, 2010

Your Card Has Been Declined, Just as You Wanted

Using cash, credit and debit cards is the most common way to pay for purchases. But the rise of debit cards has changed the way consumers think about their money. Debit cards are often used for purchases that are not planned for, such as a last-minute purchase or a purchase that is not planned for. Debit cards are often used for purchases that are not planned for, such as a last-minute purchase or a purchase that is not planned for. Debit cards are often used for purchases that are not planned for, such as a last-minute purchase or a purchase that is not planned for.

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From First Business Page level, it is important to let people also know things, for instance about changes in their credit and bank the varying kinds of transactions. Alerts can be sent when a purchase is made with a credit or debit card in particular gas, graphical services or at certain dollar levels. Also, if you use your card only for its primary purposes and never use it online or for recurring charges, you could arrange for an alert every time your card is used when you're not present at the merchant ringing up your purchase. That way, if fraud is about you can call the company right away to cancel the charge.



Employees can get the same treatment. A baby sitter, for instance, could get a card loaded in your that doesn't work on the Internet or outside of your state. Parents with cards for their most frequent use to workday or to construction supply stores. Many commercial cards from MasterCard and others already work like this.

If the alerts start to get annoying, you can also turn them off at any time through your bank's Web site or over the phone. Third parties like Mint.com already offer such alerts, like when you've surpassed your monthly grocery budget. But Mint used to be in your bank's site to receive updates, and it does that only every 24 hours unless you log in regularly. The inControl alerts happen in real time. Besides, the Mint's service to warn you need to give it the user name and password for your bank account, something that makes a lot of people nervous.

Employees can get the same treatment. A baby sitter, for instance, could get a card loaded in your that doesn't work on the Internet or outside of your state. Parents with cards for their most frequent use to workday or to construction supply stores. Many commercial cards from MasterCard and others already work like this.

MasterCard's new tools can warn people about charges to their cards and block transactions. It allows an owner to limit the card's use to certain merchants or categories. It also allows an owner to limit the card's use to certain merchants or categories. It also allows an owner to limit the card's use to certain merchants or categories. It also allows an owner to limit the card's use to certain merchants or categories.

Debit Interchange Standards

- Background on MasterCard Debit Interchange
- Background on Issuer Costs
- MasterCard Debit Functionality vs. Checks

Exclusivity and Routing

- Existing Network Rules and the Statutory Routing Requirement
- Network Arrangements
 - Competitive Landscape
 - Implementation of the Unaffiliated Network Requirement

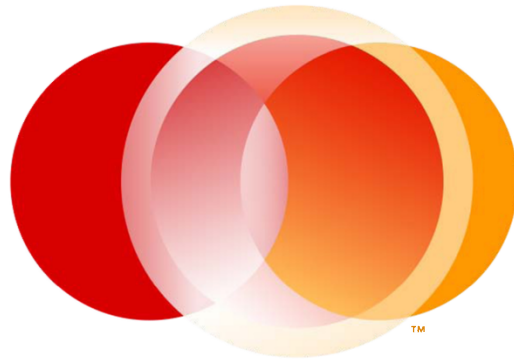
MasterCard Network Fees

- Issuer and Acquirer Network Fees are MasterCard Revenue
- No Transfer Between Acquirers and Issuers

Exemptions



- The Reloadable Prepaid Exemption
- The Small Issuer Exemption



MasterCard
Worldwide

The Heart of Commerce™
