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2 February 2007

***By electronic delivery***

Ms. Jennifer J. Johnson,  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

***Electronic Fund Transfer Act  
Regulation E  
Proposed Rulemaking  
Docket No. R-1270  
Federal Register 1 December 2006***

The American Bankers Association (“ABA”) is pleased to submit our comments to the Federal Reserve Board’s (“Board”) request for comment on its proposed changes to Regulation E, which implements the Electronic Fund Transfer Act. The proposed amendments would create an exception for certain small-dollar transactions from the requirement that the terminal receipts be made available to consumers at the time of the transaction.

The ABA, on behalf of the more than two million men and women who work in the nation's banks, brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership--which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks--makes ABA the largest banking trade association in the country.

Currently, Regulation E requires that receipts be made available to consumers when a debit card is used to pay for a purchase at a point of sale (“POS”) terminal. In light of the costs and delays associated with making receipts available, the infeasibility of providing it for certain applications where it might be useful to consumers, and the uncertain benefit of providing a receipt for a small-dollar transaction, the Board is proposing to eliminate the receipt requirement at POS terminals for purchases of \$15 or less. ABA strongly supports the Board’s proposal, but recommends that it eliminate the receipt requirement for POS transactions of \$25 or less.

***Elimination of the receipt requirement will encourage new applications that provide consumers benefits and choices.***

As the Board notes, there are situations where, for consumers, using a debit card may be more convenient and faster than paying with cash. For example, a card option could be useful for purchases made at fast food restaurants, vending machines, toll booths, parks, and parking meters, and on mass transit systems. In these situations, using a card means the consumer does not have to count cash or wait for and fumble with change. Having sufficient cash or the exact change is not an issue.

However, the receipt requirement inhibits expanding the card debit card option for consumers and merchants. Cost is one impediment. Expenses associated with providing a receipt include the cost of installing the printer, servicing it, including the routine replacement of paper and ink, and maintaining it. Providing a receipt is simply not cost-effective in many situations where the transaction is typically small.

In addition to the costs, the delays associated with providing a receipt discourages acceptance of debit cards in many of these situations. As the Board points out, providing a receipt is not practical where speed is especially critical, such as for mass transit, but also arguably for some fast food stores, for example.

For these reasons, eliminating the receipt requirement will encourage the expansion of consumer options to choose to use debit cards.

***The receipt is not necessary for small-dollar transactions. Consumers are protected.***

As the Board points out, the original purpose of the receipt was to provide a record and evidence of the transaction. However, today, consumers have migrated from checks and cash to debit cards and have become more comfortable and confident in debit cards. Few consumers rely on the receipt as evidence of the transaction. Rather, they rely on periodic statements, as well as readily available online records, to monitor activity, review accuracy, and maintain records. Furthermore, consumers are still protected from errors, including inaccuracies and unauthorized transactions, under the Electronic Fund Transfer Act.

Moreover, in many cases, consumers will continue to receive receipts in those situations where consumers demand and need

them. Most stores, for example, provide receipts for all transactions, including cash, whether or not required. Receipts are provided for a variety of reasons. For example, the receipt might itemize the purchases to show that the consumer was properly charged. Receipts may also be provided in case the consumer wants to return or exchange the item. Some retailers provide receipts to ensure the transaction was registered and help prevent employee fraud. Those reasons will continue to exist for certain types of transactions and certain types of merchants. Accordingly, consumers will continue to receive receipts in those situations. In addition, we can expect that receipts will continue to be provided at locations where transactions often exceed the threshold amount set forth in the final regulation.

***The final regulation should eliminate the receipt requirement for transactions \$25 and under.***

We recommend that the Board increase the amount exempt from the receipt requirement from the proposed \$15 to \$25. As the Board notes, card networks have waived the signature and personal identification number authorization requirements for certain types of transactions under \$25. Without the signature, the issuing bank has limited ability to use the receipt as proof of transaction authorization, and is thus less useful and necessary. The lack of a receipt will not harm consumers claiming they did not authorize the transaction to begin with, because there will be no signed receipt on which the card issuer may rely. In addition, we also recommend that the Board adopt the \$25 threshold because consistency with a related practice is less confusing to consumers and depository institutions endeavoring to comply with various rules and regulations.

ABA also believes that there will be a sufficient number of situations where debit card acceptance is desirable, but only feasible if no receipt is required where \$15 will simply be too low. The Board itself notes in footnote 12 that “commuter one-way peak fares on the Long Island Railroad to or from New York’s Pennsylvania Station range from just under \$6 to \$20.” We might also expect that park entrance fees and highway tolls, for example, could exceed \$15. For these reasons, we recommend that the final regulation exempt from the receipt requirement transactions \$25 and under.

***Conclusion.***

ABA supports the Board’s proposal to eliminate the requirement to provide receipts at POS terminals for small-dollar transactions. We believe that elimination of the receipt requirement will result in more convenience for consumers as they will more often

have the option to use a debit card.

Sincerely,

A handwritten signature in black ink that reads "Nessa E. Feddis". The signature is written in a cursive style with a large, looped 'N' and 'F'.

Nessa Eileen Feddis