

FDIC

Federal Deposit Insurance Corporation

Washington, D.C. 20429

Legal Division

September 14, 2007

MEMORANDUM TO: Executive Secretary

FROM: Christopher L. Hencke
Counsel

SUBJECT: Memorandum Memorializing Meeting on
July 16, 2007, Between FDIC Staff and
Representatives of American Bankers
Association Regarding the FDIC's
Proposed Rule on Stored Value Cards

On July 16, 2007, representatives of the American Bankers Association ("ABA") met by telephone with FDIC staff regarding the FDIC's proposed rule on stored value cards and other nontraditional access mechanisms. See 70 Fed. Reg. 45571 (August 8, 2005).

During this teleconference, the ABA reiterated its position that the funds underlying stored value cards, in some cases, should not be classified as "deposits." The ABA noted that the market for stored value products is still developing. Within this market, banks face increased competition from non-banks. The ABA expressed concern that the treatment of all funds as "deposits" could drive banks out of this market.