



Financial Services Policy Committee

Federal Reserve System

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Federal Reserve Banks Complete Check Processing Infrastructure Changes

Cleveland, OH, March 2, 2010 – The Federal Reserve Banks announced today that they have completed the reduction in paper check processing infrastructure that was begun in late 2003. With the discontinuation of paper check processing at the Atlanta office on Friday, Feb. 26, 2010, all paper check processing is now handled at the Cleveland office. The Atlanta office serves as the Reserve Banks’ processing location for electronic check processing.

“The movement to a single paper check processing site is recognition of the industry’s success in moving to more efficient electronic solutions for clearing checks,” said Patrick K. Barron, first vice president of the Federal Reserve Bank of Atlanta and Retail Payments Office director. “The changes we have implemented to our paper check infrastructure position us well to continue to meet the needs of the nation’s payments system. At the same time, they have been difficult for our organization as we have been required to reduce our staff.”

Since late 2003, the Reserve Banks have reduced the number of locations where paper checks are processed from 45 offices to a single site in Cleveland. These changes were made in response to the significant rate of adoption of Check 21-enabled services as well as the shift away from the use of paper checks and toward the much greater use of electronic payments.

The implementation of the Check Clearing for the 21st Century Act in October, 2004, significantly reduced the number of check items collected in paper form throughout the industry. At the time Check 21 went into effect, 100 percent of the items processed by the Reserve Banks were in paper form. Today, almost 99 percent are processed as images. As one of the nation’s largest inter-bank processors of electronic check transactions, the Federal Reserve will continue to play an important role in the evolution of the nation’s payments system.

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The Financial Services Policy Committee (FSPC) is responsible for the overall direction of financial services and related support functions for the Federal Reserve Banks, as well as for providing Federal Reserve leadership in dealing with the evolving U.S. payments system. The FSPC is composed of three Reserve Bank presidents and two Reserve Bank first vice presidents.