



Financial Services Policy Committee

Federal Reserve System

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Federal Reserve Banks Announce New Studies to Examine Nation's Check and Electronic Payments Usage

Minneapolis, Minn., Jan. 16, 2007 – The Federal Reserve Banks today announced plans to conduct another round of studies to determine the current composition of the nation's retail payments market, including checks, credit and debit cards, and automated clearing house (ACH) transactions. These two studies will build on information gained from similar studies published by the Reserve Banks in 2001 and 2004.

“As the nation continues its migration from paper-based to electronic payments, we believe these studies will provide additional insight to help industry participants plan for the future,” said Richard Oliver, an executive vice president with the Federal Reserve Bank of Atlanta and the Federal Reserve System's product manager for retail payments.

One study will quantify the number and value of checks being written in the United States. Another study will quantify the number and value of electronic payments. In addition, the check study will attempt to determine the primary uses for check writing, something that was researched in the 2001 study but not in 2004. The information for this round of studies will be collected during the first half of 2007 with results released later in the year. The Reserve Banks will work with Global Concepts, Inc. for the check study and Dove Consulting for the electronic payments study. Both firms have experience with previous Federal Reserve studies.

The previous studies conducted in 2001 and 2004 captured the dramatic shift in payments away from paper-based checks and toward electronic payments, such as debit cards, credit cards and ACH transactions. According to research in 2001, the number of checks paid exceeded the number of electronic transactions, 41.9 billion to 30.6 billion. By 2004, the number of electronic transactions exceeded checks paid, 44.5 billion to 36.7 billion. These changes represent a 4.3 percent annual decline in checks paid and a 13.2 percent annual increase in electronic transactions over the period 2001-2004.

“From our previous studies, we were able to provide very valuable information on the nation's payments system for financial institutions and industry participants to use,” Oliver said. “We believe these studies are helping institutions make better-informed decisions about future investments in their payments technology. Therefore, we're encouraging financial institutions and other providers of payment services to participate in these studies in order to help achieve robust and accurate estimates of payments usage in the United States.”

More information about Federal Reserve Financial Services can be found at www.frbservices.org.

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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.