



Financial Services Policy Committee
Federal Reserve System

Federal Reserve Payments Study Highlights Changes in Consumer and Business Payment Choice

Kansas City, Missouri, June 30, 2017 — Consumers wrote nearly two-thirds fewer checks per household in 2015 than in 2000, while total noncash payments per household, which includes not only checks but also card payments and electronic transfers via the automated clearinghouse (ACH) system, expanded almost 95 percent, according to additional results released today from the *2016 Federal Reserve Payments Study*.

The number of checks written per household fell from 19.3 per month in 2000 to 7.1 in 2015, while total noncash payments increased from 40.3 to 78.6 per month, reflecting fundamental shifts in consumer behavior such as changes in shopping, purchasing, and bill payment habits. At the same time, businesses also increasingly replaced check payments with other noncash payments.

The information supplements initial results released last December. The report also contains data on major trends in payment card, ACH, and check payments, as well as alternative payment initiation methods and services, from 2012 to 2015. Highlights include:

- Businesses wrote 24.1 checks per month, on average, in 2015 compared with 66.0 per month in 2000. During the same period, ACH transfers by businesses rose to 29.8 per month, on average, from 13.4. The value of business ACH transfers and business checks written increased substantially, reaching \$148.5 trillion in 2015—more than double the total value of business and consumer ACH transfers and checks written in 2000.
- The aggregate ranking in 2015 of the number of noncash payments by payment type differed substantially for consumers and businesses. The use of non-prepaid debit cards was the most popular payment type among consumers, followed by general-purpose credit cards, checks, and ACH debit transfers. For businesses, ACH credit transfers were the most popular, followed by checks, general-purpose credit cards, and non-prepaid debit cards.



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- New data on consumer general-purpose credit card spending shows that about 60 percent of all accounts and just over 76 percent of all balances included at least some debt revolving between statement periods. Correspondingly, about 40 percent of all consumer accounts and just under 24 percent of all consumer balances were being paid off, or had no current spending, on average across the months in 2015.
- Growth in selected alternative payment initiation methods and services, such as payments initiated via a mobile device, payments made through specialized services for person-to-person payments, and payments using online payment authentication methods, was strong from 2012 to 2015. Compared to the total number and value of noncash payments, however, the total number and value of payments using these methods remains low.

Numerical estimates of the number and value of noncash payments from the 2016 study are available in a downloadable data table format to facilitate customized review and analysis. Both the report and data tables may be found at:

<https://www.frbservices.org/news/research.html>.

The 2016 study also collected updated information on payments identified as fraudulent, allowing for the first time estimates of trends in payments fraud by type of payment. Additional detail on the characteristics of fraud was collected from card networks and depository institutions and that information is targeted for release in the third quarter of 2017. Updated data table information will also be published at that time.

The Federal Reserve is now collecting information on the number and value of noncash payments made during 2016 as part of a smaller and more targeted data collection effort intended to allow for annual updates to estimates and trends in noncash payments between the major studies, which are published every three years. The annual supplement is expected to be released in the fourth quarter of 2017.

The estimates reported today are based on information gathered in three separate data collections comprising the 2016 study:



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- The 2016 *Depository and Financial Institutions Payments Survey (DFIPS)*
- The 2016 *Networks, Processors and Issuers Payments Surveys (NPIPS)*
- The 2016 *Check Sample Survey (CSS)*

The Federal Reserve partnered with McKinsey & Company on the DFIPS and CSS, and with Blueflame Consulting, of Melrose, Massachusetts, on the NPIPS. The information collected in each survey is combined with information about payments trends from previous studies and then analyzed to produce comprehensive estimates not available in other studies.

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