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Contact:
David Fettig
FSPC Spokesman
(612) 204-5274
David.Fettig@mpls.frb.org

Federal Reserve Payments Study Provides Further Details on Domestic Payments

Minneapolis, July 24, 2014 - The *2013 Federal Reserve Payments Study Detailed Report*, released today, provides new information on the payments landscape including updated results on the intensity of card use by consumers and businesses; further discussion of previously released information on third-party payments fraud; new estimates of over-the-counter cash withdrawals and deposits at bank branches and wire transfers made by businesses and consumers; and discussion of emerging and alternative payments likely to replace traditional payments such as cash and checks. The report, available at <https://www.frbservices.org/news/research.html>, provides more detailed information about the 2013 summary findings published by the Federal Reserve last December. An updated summary report is also available online.

New findings include:

- Credit cards are more prevalent than other general-purpose card types. Of the 776 million general purpose cards in force (issued, activated, and not expired) nationally in 2012, 334 million were credit cards, 283 million were debit cards, and 159 million were prepaid cards. Consumers held the majority of general-purpose credit cards - 10 times the number held by businesses (305 million and 28 million, respectively).
- Among general-purpose cards with purchase activity in 2012, consumers preferred debit cards, with an average use of 23 payments per month, compared with an average of 11 payments per month for general-purpose credit cards and 10 payments per month for general-purpose prepaid cards.



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- Although the number of ATM cash withdrawals using debit cards and general-purpose prepaid cards dropped slightly, growth in the value of ATM withdrawals continued to exceed inflation over the years. New information on over-the-counter cash withdrawals shows that while the number of ATM withdrawals (5.8 billion) far exceeded the number of over-the-counter withdrawals (2.1 billion) in 2012, the average value of over-the-counter withdrawals, at \$715, far exceeded the average value of withdrawals at ATMs (\$118).
- In 2012, there were 1 billion ATM cash deposits with an average value of \$374, compared with 1.6 billion over-the-counter cash deposits which averaged \$1,000.
- Not surprisingly, businesses, not consumers, are the overwhelming users of wire transfers. There were 287.5 million wire transfers—including those sent over large-value funds transfer systems and those made on the books of depository institutions in 2012, with a value of \$1,116.3 trillion. Consumers accounted for just 6 percent of all wire transfers by number and 0.14 percent by value. Business customers accounted for the significant majority of both the number and value of wire transfers.
- The number of online bill payments reported by major processors, which included those initiated through online banking websites and directly through billers and settled over ACH, exceeded 3 billion in 2012. Secure online payments, including methods that allow users to enter personal identification numbers (PINs) for debit cards into the computer or that redirect users to use an Internet payment account, totaled more than 1.8 billion in 2012.
- There were more than 250 million mobile payments made using a mobile wallet application, and at least 205 million person-to-person or money transfer payments.
- The number of private-label prepaid transportation payments exceeded all other prepaid card payments combined in 2012: Payments by prepaid transit cards and far-field radio frequency identification (RFID) transponders for auto tolls had reached a combined 9.9 billion payments.
- Checks continue to be written less frequently - more than 90 percent of the decline in



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total checks was due to reductions in checks for \$500 or less, and 45 percent was from reductions in checks for \$50 or less.

- As of 2012, there were 287 million consumer transaction accounts with an average value of \$8,001, while 33 million business transaction accounts averaged almost \$62,000. Meanwhile, there were almost 280 million consumer credit card accounts and almost 29 million business accounts. Credit card balances, which included both current spending and revolving credit, averaged \$1,900 for both consumer and business accounts.

"The 2013 Federal Reserve Payments Study collected a broad cross-section of information related to complex consumer and business payments use, and the overview contained in today's report offers a more complete picture of how the information can be used to better understand developments in the payments system," said Jim McKee, senior vice president of the Federal Reserve Bank of Atlanta, which sponsored the study. He further explained "the industry can use this data to continue serving the public interest to improve the U.S. payments system."

The study is the fifth in a series of triennial survey efforts, collecting data for 2012 and including, for the first time, a broader view of trends by incorporating some information from earlier studies. Today's report also provides comprehensive tables containing the various estimates produced from the data collected, detailed descriptions of estimates produced from each survey effort, the methodology used to conduct each survey and, in a few instances, revisions to data published in December.

As in previous studies, the estimates reported are based on information gathered in three survey efforts: the *2013 Depository and Financial Institutions Payments Survey (DFIPS)*, the *2013 Network, Processors and Issuers Payments Surveys (NPIPS)*, and the *2013 Check*



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Sample Survey (CSS). The Federal Reserve partnered with McKinsey & Company and Lieberman Research Group, as its subcontractor, on the DFIPS, and with Blueflame Consulting and MH Consulting, as its subcontractor, on the NPIPS. McKinsey & Company reviewed a large random sample of images for the CSS. The information collected in each survey is combined with information about payments trends from previous studies and then analyzed and adjusted for seasonality to produce comprehensive estimates not available in other studies.