Welcome to Portals and Rails

February 2, 2009

It is my pleasure to welcome you to Portals and Rails, a blog sponsored by the Retail Payments Risk Forum of the Federal Reserve Bank of Atlanta. The purpose of Portals and Rails is to encourage ongoing dialogue on emerging issues in retail payments and to inform and guide the work of the Retail Payments Risk Forum.

The Retail Payments Risk Forum was established to address the challenges faced by the industry, bank regulators, and law enforcement in managing retail payments risks and to enhance collaboration among these parties to detect and mitigate fraud. As the U.S. retail payment systems continue to shift from paper to electronics, bringing with them the introduction of innovative payment instruments and channels, the risk profiles of payment participants are also shifting. The most recent Federal Reserve payments study, conducted in 2007, revealed that the use of electronic payment methods is growing rapidly in response to technological advances in computing power and telecommunications, as well as changes in user preferences. This growth is accompanied by increased nonbank participation in payment systems. While nonbanks play a vital role in a variety of different payment activities, their increased role in retail payment systems introduces new and often unanticipated risks.

All this is not to say that legacy payment instruments and channels are outside the scope of our radar. Paper and electronic checks remain important components in the retail payments landscape and unfortunately are increasingly products targeted by bad actors as entries to retail payment systems to conduct fraudulent transactions. The Retail Payments Risk Forum is initially focusing on trends in checks and in the ACH network, drawing on the expertise housed within the Federal Reserve System's Retail Payments Office, also geographically situated at the Federal Reserve Bank of Atlanta. The Retail Payments Risk Forum will seek out opportunities for collaboration with other existing forums, such as those for card-based payments, where appropriate.

To meet the challenge of addressing the myriad new risks in retail payment systems, the Retail Payments Risk Forum has established Portals and Rails as a means of introducing ideas, asking questions, and facilitating communication among interested parties on various topics relating to retail payments risk and fraud. We hope Portals and Rails provides you a virtual arena for collaboration and discussion of issues of common interest.

We encourage your participation in Portals and Rails and look forward to ongoing collaboration with you.

By Richard R. Oliver, executive vice president at the Atlanta Fed.

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