



NEWS RELEASE

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For release: Nov. 5, 1997

Federal Reserve, Banks, Employers Launch Direct Deposit Campaign

ST. LOUIS -- More than 500 banks and other financial institutions and major employers in the Midwest have launched a campaign to encourage direct deposit of payroll checks.

The campaign runs through November and is being directed by the Automated Payments Partnership, which is made up of the Federal Reserve Banks of Chicago, St. Louis, and Kansas City and Kansas City-based Mid-America Payment Exchange. The Partnership's territory covers Indiana, southern Illinois, Arkansas, southwestern Iowa, Kansas, Kentucky, Missouri, Nebraska and Oklahoma. The Chicago Fed serves southern Indiana from its Indianapolis office.

"Financial institutions and major employers are joining the effort as a way to save time and expenses. Plus, increasing the use of direct deposit boosts the safety and security of our country's payment system," said Kathy Paese, business development officer at the St. Louis Fed.

Paese said that direct deposit's benefits can be substantial. Banks can save between

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75 cents and \$1.25 for each check given to a teller that is converted to direct deposit, she said. Employers can save an average of 86 cents for every paycheck they convert to direct deposit and reduce payroll administrative costs by 50 percent or more per year. And finally, employees like not having to take time to deposit their paychecks in the bank and the peace of mind in knowing that their money is in their accounts whether they're out of town or on vacation, she said.

Paese noted that 80 percent of U.S. companies offer direct deposit of payroll, but only 45 percent of employees actually use it. "That's a big jump from 1990, when just 15 percent participated, but we still have a lot of room to grow. Last year only six billion direct deposit and direct payment transactions were originated compared with some 63 billion paper checks."

Paese said that as part of the marketing campaign, the Automated Payments Partnership members have lined up billboards, public transportation ads and radio announcements and are co-hosting lobby promotions with their financial institution partners. "We've also created materials for companies to use in marketing direct deposit to their employees," Paese said. "There's no cost to join the partnership, and becoming a partner allows companies to take advantage of the free promotional support and marketing materials we provide to blend their direct deposit campaigns with ours." She added that interested companies should call Carrie Andert at (314) 444-8946, but should do so right away.

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Paese said that in coming months the Chicago, St. Louis, and Kansas City Federal Reserve Banks and Mid-America Payment Exchange will launch campaigns for other forms of electronic payment, such as automatic payment of recurring bills such as mortgage, utility and insurance payments and charitable donations.

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