



For release: Oct. 8, 1998

Contact: Joe Elstner (314) 444-8902

Campaign Emphasizes Ease, Safety, Security of Direct Deposit for Consumers and Businesses

Simple, safe and secure: that's the message the Federal Reserve Banks and electronic payment associations want consumers and businesses to remember when they consider direct deposit—the automatic, electronic transfer of funds such as salaries or wages to a checking or savings account.

Federal Reserve Banks and local "automated clearing house" (ACH) associations will emphasize the benefits of direct deposit during National Direct Deposit Week, Oct. 12 – 16. The organizations formed the "Automated Payments Partnership" in 1997 to promote greater use of electronic payments like direct deposit.

Direct deposit has been available for more than 20 years, and over half of all U.S. payroll and government benefit payments are made that way. Direct deposit is well-liked by its users -- a 1998 study by the Federal Reserve indicates that 97 percent of employees who use direct deposit are very satisfied with the service. "Direct deposit benefits all of us -- consumers, companies and the country," notes Kathy Paese, an assistant vice president at the Federal Reserve Bank of St. Louis. "Consumers gain safety and privacy they don't get with paper checks, companies save money and the country fights the crime rate, particularly in check fraud. Very few people are involved in an electronic funds transfer. In contrast, up to nine people could see your information during the normal processing of a check."

Another benefit of direct deposit is that electronic payments are tougher to tamper with or forge than paper checks. "With direct deposit, there's no possibility that your check could be lost, stolen, or fraudulently endorsed," says Paese.

Information provided during the direct deposit campaign is aimed at educating consumers, organizations and the public at large about how direct deposit can benefit them. Nationwide activities include special educational and promotional events at financial institutions, informational seminars, public service announcements and news media outreach. Local campaign activities include radio, movie theater, and other advertisements promoting direct deposit as well as the distribution of free direct deposit marketing materials for interested financial institutions and businesses.

Financial institutions that would like more information about campaign activities in their areas should contact their local ACH associations. Consumers wanting more information about direct deposit should either contact their financial institutions or their employers. Additional information about direct deposit can also be found by contacting your local Federal Reserve Bank or by visiting the Automated Payments Partnership's web site at www.appartnership.org

###