

**Federal Reserve Bank  
of Boston**

**To:** Federal Reserve Employees

**Date:** May 28, 2004

**From:** Consumer Payment Survey Team

**Subject:** Survey Request

The Boston Fed could use your help! To better understand recent changes in consumer payment behavior, we conducted a pilot survey of our employees last year and got 526 responses. Now, we are extending the survey to the rest of the Federal Reserve to obtain more diverse and complete results. The survey is completely confidential and takes about 20 minutes to complete. Everyone who completes the survey is eligible for a raffle to win one of more than 200 prizes (see the last survey page for details).

The survey is available through a link on your home web page during the month of June. We would greatly appreciate your taking the web-based version of the survey because data collection is much easier. But if necessary, you may obtain a paper copy from [WHERE?] and return it to [WHERE?].

Your input is important to the System's understanding of check and other payment behavior. The Fed has some estimates of nationwide check volumes, but very little information about *why* consumers choose payment types. Knowing why consumers use different payment types could aid our understanding of how quickly consumers will replace checks with various electronic alternatives, for example. Information about individuals' preferences for various payment methods also could improve our understanding of the economy and monetary policy.

Your colleagues in Boston thank you in advance for your time and support. We look forward to providing you with a summary of the survey results later this year.

**Some Terms Used in the Survey**

**Automated Clearing House (ACH)** – ACH clears and settles electronic payments and receipts among financial institutions. If your pay is directly deposited to your checking account, you are being paid through the ACH. You also use ACH when you make automatic payments (i.e., mortgages, insurance, etc.).

**Stored Value Card** – A plastic card that stores electronic data on dollar values. One example is a pre-paid phone card. Other examples include gift cards from stores like Macy's, Home Depot, or Starbucks.

**On-line (Internet) bill paying services** – If you use the Internet through your bank or other service provider to access your bank account to make payments from your checking account, this is on-line bill payment. This does not include credit card purchases from Internet shopping sites.

**Accounts Receivable Check (ARC)** – ARC is an electronic payment that is created when you pay a bill by mail with a check and that check is converted into an ACH payment. When this ARC conversion occurs, a line item like "ARC E check #1234" appears on your bank checking account statement, and your paper check or electronic image is not returned to you.

Please be sure to mark your Federal Reserve District in question 54 before completing and submitting the survey.

1. How much responsibility do you have for paying bills and making purchases for your household? (check (√) one)

All 2202 (47.9%)  
 Most 1617 (35.2%)  
 Some 740 (16.1%)  
 None 38 (0.8%)  
 No Answer 34

Total Responses: 4597

If "none" please take the survey home and have the primary bill payer fill it out.

2. Do you have a checking account? (√ one)

Yes 4468 (98.2%) No 82 (1.8%)  
 No Answer 81

Total Responses: 4550

If you checked "No," please go to question 49.

3. Does your primary checking account earn interest? (√ one)

Yes 2196 (48.5%) No 2328 (51.5%)  
 No Answer 41

Total Responses: 4524

4. Would you use fewer checks to pay for purchases if money was withdrawn from your checking account the same day you wrote the check? (√ one)

Yes 1387 (30.8%) No 3120 (69.2%)  
 No Answer 58

Total Responses: 4507

5. For your primary checking account, does your financial institution return your canceled checks to you? (√ one)

Yes 1129 (24.9%) No 3407 (75.1%)  
 No Answer 29

Total Responses: 4536

6. How important is it to receive your canceled checks back? (√ one)

Very important 497 (11.0%)  
 Somewhat important 970 (21.4%)  
 Not important 3060 (67.6%)  
 No Answer 38

Total Responses: 4527

7. How would your checking behavior change if your financial institution stopped sending your canceled checks back? (√ one)

Not at all 3737 (85.6%)  
 Reduce check usage 279 (6.4%)  
 Eliminate check usage 29 (0.7%)  
 Change to an institution that returns canceled checks 322 (7.4%)  
 No Answer 198

Total Responses: 4367

8. How willing would you be to receive an image copy (either paper or electronic) of the front of your check instead of receiving canceled checks? (√ one)

Very willing 3137 (71.3%)  
 Somewhat willing 863 (19.6%)  
 Not willing 399 (9.1%)  
 No Answer 166

Total Responses: 4399

If not willing, why not? \_\_\_\_\_

9. For each method below: a) indicate whether you ever use it (Yes or No); and b) estimate the number of payments you make in a typical month. (Leave number of payments blank if you do not use it.)

	Use it?	No. of Payments*
<b>Checks</b>	<b>98.9%</b>	<b>29.8%</b>
Credit cards	86.9%	23.9%
Debit cards	67.7%	26.5%
ACH payments	72.5%	7.8%
Online banking	50.2%	8.6%
Stored value cards	37.4%	3.4%

9a: Total Respondents: 4557 (checks), 4524 (credit), 4493 (ACH), 4444 (debit), 4436 (online banking), 4272 (SVC)

9b: Total Responses: 4444

\*Answers are the share of payments.

*Questions 10-17 ask why you DO NOT use the methods in question 9. Answer only for methods you checked "no" and left the number of payments blank.*

**10. If you do NOT use CREDIT CARDS, why not?** (√ all that apply)

Concerns about privacy/security	100 (8.8%)
Concerns about theft/misuse	109 (9.6%)
Too difficult to track payments	60 (5.29%)
Interest and/or fees too high	363 (32.0%)
<b>Worried about building up debt</b>	<b>434 (38.3%)</b>
Other _____	67 (5.9%)

TOTAL responses: 1133  
(Number of total respondents: 564)

**11. What might cause you to use CREDIT CARDS in place of checks?**

(√ all that apply)

Improved privacy/security	91 (10.3%)
Better protection from theft/misuse	112 (12.7%)
Easier tracking of payments	72 (8.2%)
<b>Lower fees or interest rates</b>	<b>259 (29.5%)</b>
Less outstanding personal debt	244 (27.7%)
Other _____	101 (11.5%)

TOTAL responses: 879  
(Number of total respondents: 575)

**12. If you do NOT use DEBIT CARDS, why not?** (√ all that apply)

Concerns about privacy/security	412 (9.9%)
Concerns about theft/misuse	540 (12.9%)
Too difficult to track/control spending	596 (14.3%)
Concerns about debit card cost/fees	548 (13.1%)
<b>Credit card has more benefits/incentives</b>	<b>788 (18.9%)</b>
Don't want my account debited same day	472 (11.3%)
Concern about overdrawing my account	355 (8.5%)
Can't use them for some payments	244 (5.9%)
My bank doesn't offer debit cards	30 (.7%)
Other _____	184 (4.4%)

TOTAL responses: 4169  
(Number of total respondents: 1399)

**13. What might cause you to use DEBIT CARDS in place of checks?**

(√ all that apply)

Improved privacy/security	280 (12.6%)
Better protection from theft/misuse	370 (16.7%)
Easier tracking of payments	379 (17.1%)
<b>Lower debit card cost/fees</b>	<b>395 (17.8%)</b>
My bank decides to offer debit cards	44 (1.98%)
If more stores/vendors accept them	168 (7.6%)
Tools to keep from overdrawing acct.	297 (13.4%)
Other _____	284 (12.8%)

TOTAL responses: 2217  
(Number of total respondents: 1418)

**14. If you do NOT use ACH, why not?**

(√ all that apply)

Concerns about privacy/security	278 (11.7%)
Concerns about theft/misuse	262 (11.0%)
Too difficult to track payments	263 (11.0%)
Too expensive to use	144 (6.1%)
<b>Can't control timing of payments</b>	<b>480 (20.2%)</b>
Unexpected debits may overdraw account	386 (16.3%)
Too difficult to set up and/or use	310 (13.1%)
Other _____	252 (10.6%)

TOTAL responses: 2375  
(Number of total respondents: 1064)

**15. What might cause you to use ACH in place of checks?** (√ all that apply)

Improved privacy/security	218 (10.6%)
Better protection from theft/misuse	210 (10.3%)
Easier tracking of payments	236 (11.5%)
Lower cost to use	224 (10.9%)
<b>Better control of timing of payment</b>	<b>425 (20.8%)</b>
Tools to keep from overdrawing acct.	282 (13.8%)
Easier set up and/or use	271 (13.2%)
Other _____	182 (8.9%)

TOTAL responses: 2048  
(Number of total respondents: 1096)

**16. If you do NOT use INTERNET BILL PAYMENT, why not? (✓ all that apply)**

<b>Concerns about privacy/security</b>	<b><u>1274 (21.7%)</u></b>
Concerns about theft/misuse	<u>1090 (18.6%)</u>
Too difficult to track payments	<u>327 (5.6%)</u>
Too expensive to use	<u>478 (8.1%)</u>
Can't control timing of payments	<u>478 (8.1%)</u>
Unexpected debits may overdraw account	<u>439 (7.5%)</u>
Too difficult to set up and/or use	<u>436 (7.4%)</u>
Lack of equipment/Internet access	<u>478 (8.1%)</u>
Inconvenient to use	<u>547 (9.3%)</u>
Other _____	<u>326 (5.6%)</u>
TOTAL responses:	5873
(Number of total respondents:	2079)

**17. What might cause you to use INTERNET BILL PAYMENT in place of checks?**

<b>Improved privacy/security</b>	<b><u>928 (17.6%)</u></b>
Better protection from theft/misuse	<u>853 (16.2%)</u>
Easier tracking of payments	<u>373 (7.1%)</u>
Lower bill payment cost/fees	<u>613 (11.6%)</u>
Better control of timing of payment	<u>487 (9.2%)</u>
Tools to keep from overdrawing acct.	<u>364 (6.9%)</u>
Easier set up and/or use	<u>514 (10.7%)</u>
If I purchase an/another computer	<u>383 (7.3%)</u>
More convenient to use	<u>463 (8.8%)</u>
Other _____	<u>300 (5.7%)</u>
TOTAL responses:	5278
(Number of total respondents:	2108)

**18. Looking back over the past THREE years, for each payment method you use, indicate whether your use has increased, decreased or stayed the same.**

(✓ one box for each payment type you use)

Checks:	Increased	<u>343 (7.9%)</u>
	Same	<u>1238 (28.3%)</u>
	<b>Decreased</b>	<b><u>2791 (63.8%)</u></b>
Credit cards:	Increased	<u>1315 (34.8%)</u>
	<b>Same</b>	<b><u>1576 (41.7%)</u></b>
	Decreased	<u>889 (23.5%)</u>
Debit cards	<b>Increased</b>	<b><u>2242 (76.9%)</u></b>
	Same	<u>544 (18.7%)</u>
	Decreased	<u>128 (4.4%)</u>
ACH:	Increased	<b><u>1658 (54.9%)</u></b>
	<b>Same</b>	<b><u>1315 (43.6%)</u></b>
	Decreased	<u>45 (1.5%)</u>
Online bank:	Increased	<b><u>1735 (84.0%)</u></b>
	<b>Same</b>	<b><u>310 (15.0%)</u></b>
	Decreased	<u>20 (1.0%)</u>
Stored value:	Increased	<u>595 (43.2%)</u>
	<b>Same</b>	<b><u>700 (50.8%)</u></b>
	Decreased	<u>84 (6.1%)</u>
Number of Respondents: 4372 (checks), 3780 (credit cards), 2914 (debit cards), 3018 (ACH), 2065 (Online), and 1379 (SVC)		

*Please continue to the next page.*

Questions 19-22 ask why you DO use certain payment methods in place of checks. Please answer for all methods that apply (checked "yes" in question 9).

19. If you use **CREDIT CARD(S)** for some purchases or bills you previously paid by check, what made you switch? (√ all that apply)

Incentives	<u>1891 (15.2%)</u>
Can buy now, pay later	<u>2116 (16.9%)</u>
Easier to resolve disputes	<u>1287 (10.3%)</u>
<b>More convenient than a check</b>	<b><u>2739 (19.1%)</u></b>
Easier/better record keeping	<u>1186 (9.5%)</u>
Save money on postage/checks	<u>1396 (11.2%)</u>
Internet purchases require credit cards	<u>2018 (16.2%)</u>
Other _____	<u>194 (1.6%)</u>

TOTAL responses: 12467  
(Number of total respondents: 3822)

20. If you use **DEBIT CARD(S)** for some purchases you previously paid by check, what made you switch? (√ all that apply)

<b>More convenient than a check</b>	<b><u>2469 (36.8%)</u></b>
Easier/better record keeping	<u>879 (13.0%)</u>
Save money on checks	<u>1188 (17.6%)</u>
More stores/vendors accept them now	<u>1960 (28.9%)</u>
Other _____	<u>240 (3.5%)</u>

TOTAL responses: 6761  
(Number of total respondents: 2975)

21. If you use **ACH** for some bills you previously paid by check, what made you switch? (√ all that apply)

<b>Don't have to remember to pay the bill</b>	<b><u>1942 (19.2%)</u></b>
No mail delays or hassles	<u>1916 (19.0%)</u>
No late fees or interest costs	<u>1576 (15.6%)</u>
<b>More convenient than a check</b>	<b><u>1942 (19.2%)</u></b>
Easier/better record keeping	<u>852 (8.4%)</u>
Save money on postage and checks	<u>1572 (15.6%)</u>
Other _____	<u>302 (2.9%)</u>

TOTAL responses: 10102  
(Number of total respondents: 3156)

22. If you use **INTERNET BILL PAYMENT** for bills you previously paid by check, what made you switch? (√ all that apply)

<b>Faster to pay bills on line</b>	<b><u>1657 (22.1%)</u></b>
More control over timing of payment	<u>1483 (19.8%)</u>
More convenient than a check	<u>1544 (20.6%)</u>
Easier/better record keeping	<u>938 (12.5%)</u>
Save money on postage and checks	<u>1390 (18.6%)</u>
More fun	<u>384 (5.1%)</u>
Other _____	<u>88 (1.2%)</u>

TOTAL responses: 7484  
(Number of total respondents: 2190)

23. What types of payments do you make now **without** checks that you used to pay with checks in the past? (list all – e.g., mortgage)

\_\_\_\_\_

\_\_\_\_\_

24. If you use a **DEBIT CARD**, what types of payments do you make with it?

<b>Grocery/pharmacy</b>	<b><u>2689 (35.1%)</u></b>
Other retail stores	<u>2401 (31.4%)</u>
Gas stations	<u>2145 (28.0%)</u>
Other _____	<u>420 (5.5%)</u>

TOTAL responses: 7655  
(Number of total respondents: 2939)

25. If you use **ACH**, what types of bills do you pay with it? (√ all that apply)

Rent/Mortgage	<u>1323 (21.2%)</u>
Utilities	<u>1233 (19.7%)</u>
<b>Insurance</b>	<b><u>1405 (22.5%)</u></b>
Health Club	<u>396 (6.3%)</u>
Subscriptions	<u>276 (4.4%)</u>
Loans	<u>1115 (17.8%)</u>
Other _____	<u>504 (8.1%)</u>

TOTAL responses: 6252  
(Number of total respondents: 2935)

**26. If you use STORED VALUE CARDS, which types do you use? (√ all that apply)**

Phone cards	699 (29.5%)
Sodexo/Marriott (Boston)	56 (2.4%)
Internal Fed SV card	55 (2.3%)
<b>Store gift cards</b>	<b>1206 (50.9%)</b>
Visa/MC cash card	129 (5.4%)
School card	81 (3.4%)
Other _____	143 (6.0%)
TOTAL responses:	2369
(Number of total respondents:	1508)

*In questions 27-31, please compare checks with other payment methods that you use (checked "yes" in question 9). Please answer only for the payment methods that you currently use.*

**27. CREDIT CARDS versus CHECKS  
Credit cards are: Better Same Worse**

Cost (out-of-pocket):	<b>Better</b>	<b>1514 (43.5%)</b>
	Same	1077 (31.0%)
	Worse	889 (25.6%)
Ease of use/ convenience:	<b>Better</b>	<b>3173 (86.3%)</b>
	Same	462 (12.6%)
	Worse	43 (1.2%)
Safety from theft:	Better	1112 (32.3%)
	<b>Same</b>	<b>1495 (43.5%)</b>
	Worse	833 (24.2%)
Privacy:	Better	787 (23.2%)
	<b>Same</b>	<b>1763 (51.9%)</b>
	Worse	849 (25.0%)
Errors by banks/ stores:	Better	1050 (31.0%)
	<b>Same</b>	<b>2009 (59.4%)</b>
	Worse	326 (9.6%)
Payment timing:	<b>Better</b>	<b>2353 (67.2%)</b>
	Same	921 (26.3%)
	Worse	226 (6.5%)
Record keeping:	<b>Better</b>	<b>1581 (46.2%)</b>
	Same	1515 (44.3%)
	Worse	328 (9.6%)

Number of Respondents: 3480 (cost), 3678 (convenience), 3440 (safety), 3399 (privacy), 3385 (errors), 3500 (payment timing), and 3424 (record keeping)

**28. DEBIT CARDS versus CHECKS  
Debit cards are: Better Same Worse**

Cost: (out-of-pocket)	<b>Better</b>	<b>1679 (62.2%)</b>
	Same	880 (32.6%)
	Worse	141 (5.2%)
Ease of use/ convenience:	<b>Better</b>	<b>2645 (91.8%)</b>
	Same	214 (7.4%)
	Worse	23 (0.8%)
Safety from theft:	Better	821 (31.1%)
	<b>Same</b>	<b>1251 (47.4%)</b>
	Worse	569 (21.5%)
Privacy:	Better	902 (34.2%)
	<b>Same</b>	<b>1273 (48.3%)</b>
	Worse	460 (17.5%)
Errors by banks/ stores:	Better	923 (35.2%)
	<b>Same</b>	<b>1514 (57.7%)</b>
	Worse	189 (7.2%)
Payment timing:	<b>Better</b>	<b>1521 (56.5%)</b>
	Same	877 (32.6%)
	Worse	293 (10.9%)
Record keeping:	Better	1018 (38.9%)
	<b>Same</b>	<b>1147 (43.8%)</b>
	Worse	456 (17.4%)

Number of Respondents: 2700 (cost), 2882 (convenience), 2641 (safety), 2635 (privacy), 2626 (errors), 2691 (payment timing), and 2621 (record keeping)

**29. ACH PAYMENTS versus CHECKS  
ACH payments are: Better Same Worse**

Cost:	<b>Better</b>	<b><u>1891 (69.9%)</u></b>
(out-of-pocket)	Same	<u>732 (27.1%)</u>
	Worse	<u>81 (3.0%)</u>
Ease of use/ convenience:	<b>Better</b>	<b><u>2542 (89.4%)</u></b>
	Same	<u>242 (8.5%)</u>
	Worse	<u>60 (2.1%)</u>
Safety from theft:	<b>Better</b>	<b><u>1791 (67.7%)</u></b>
	Same	<u>736 (27.8%)</u>
	Worse	<u>120 (4.5%)</u>
Privacy:	Better	<u>1385 (52.7%)</u>
	<b>Same</b>	<b><u>1042 (39.7%)</u></b>
	Worse	<u>200 (7.6%)</u>
Errors by banks/ stores:	<b>Better</b>	<b><u>1255 (47.9%)</u></b>
	Same	<u>1192 (45.4%)</u>
	Worse	<u>176 (6.7%)</u>
Payment timing:	<b>Better</b>	<b><u>1997 (72.0%)</u></b>
	Same	<u>462 (16.7%)</u>
	Worse	<u>314 (11.3%)</u>
Record keeping:	<b>Better</b>	<b><u>1294 (49.1%)</u></b>
	Same	<u>1034 (39.2%)</u>
	Worse	<u>310 (11.8%)</u>

Number of Respondents =2704 (cost), 2844 (convenience), 2647 (safety), 2627 (privacy), 2623 (errors), 2773 (payment timing), and 2638 (record keeping)

**30. STORED VALUE CARDS versus CHECKS**

**Stored value cards are: Better Same Worse**

Cost:	<b>Better</b>	<b><u>635 (48.4%)</u></b>
(out-of-pocket)	Same	<u>558 (42.6%)</u>
	Worse	<u>118 (9.0%)</u>
Ease of use/ convenience:	<b>Better</b>	<b><u>1076 (77.7%)</u></b>
	Same	<u>236 (17.0%)</u>
	Worse	<u>73 (5.3%)</u>
Safety from theft:	Better	<u>328 (25.7%)</u>
	Same	<u>461 (36.1%)</u>
	<b>Worse</b>	<b><u>487 (38.2%)</u></b>
Privacy:	<b>Better</b>	<b><u>804 (63.4%)</u></b>
	Same	<u>404 (31.9%)</u>
	Worse	<u>60 (4.7%)</u>
Errors by banks/ stores:	Better	<u>494 (39.5%)</u>
	<b>Same</b>	<b><u>700 (55.9%)</u></b>
	Worse	<u>58 (4.6%)</u>

Payment timing:	<b>Better</b>	<b><u>672 (53.3%)</u></b>
	Same	<u>494 (39.2%)</u>
	Worse	<u>95 (7.5%)</u>

Record keeping:	Better	<u>333 (27.2%)</u>
	<b>Same</b>	<b><u>491 (40.1%)</u></b>
	Worse	<u>400 (32.7%)</u>

Number of Respondents: 1311 (cost), 1385 (convenience), 1276 (safety), 1268 (privacy), 1252 (errors), 1261 (payment timing), and 1224 (record keeping)

**31. INTERNET BILL PAYMENT versus CHECKS:**

**Internet bill payment is: Better Same Worse**

Cost:	<b>Better</b>	<b><u>1430 (76.5%)</u></b>
(out-of-pocket)	Same	<u>341 (18.2%)</u>
	Worse	<u>99 (5.3%)</u>

Ease of use/ convenience:	<b>Better</b>	<b><u>1775 (91.2%)</u></b>
	Same	<u>132 (6.8%)</u>
	Worse	<u>39 (2.0%)</u>

Safety from theft:	<b>Better</b>	<b><u>819 (44.8%)</u></b>
	Same	<u>670 (36.6%)</u>
	Worse	<u>340 (18.6%)</u>

Privacy:	Better	<u>657 (36.0%)</u>
	<b>Same</b>	<b><u>738 (40.5%)</u></b>
	Worse	<u>428 (23.5%)</u>

Errors by banks/ stores:	<b>Better</b>	<b><u>833 (46.1%)</u></b>
	Same	<u>892 (49.3%)</u>
	Worse	<u>84 (4.6%)</u>

Payment timing:	<b>Better</b>	<b><u>1639 (85.9%)</u></b>
	Same	<u>229 (12.0%)</u>
	Worse	<u>41 (2.2%)</u>

Record keeping:	<b>Better</b>	<b><u>1173 (63.9%)</u></b>
	Same	<u>571 (31.1%)</u>
	Worse	<u>92 (5.0%)</u>

Number of Respondents: 1870 (cost), 1946 (convenience), 1829 (safety), 1823 (privacy), 1809 (errors), 1909 (payment timing), and 1836 (record keeping)

Questions 32-36 ask about your experiences with paying by check at retail stores.

32. When paying by check at a store, have you ever received your check back immediately after payment? (√ one)

Yes **2253 (52.5%)** No 2040 (47.5%)  
No Answer 272

TOTAL responses: 4293

*If no, please skip to question 37.*

33. If yes, are you aware that your check was converted into an ACH payment and immediately (that night) deducted from your checking account? (√ one)

Yes **2023 (90.9%)** No 203 (9.1%)  
No Answer 27

TOTAL responses: 2226

34. Has this check-to-ACH conversion caused you to change the way you pay at the store? (√ one)

Yes 539 (27.0%) No **1456 (73.0%)**  
No Answer 28\*

TOTAL responses: 1995

\*Note: The answers listed above only reflect those who responded with a "yes," for both questions 32 and 33.

If yes, why? \_\_\_\_\_

*If no, please skip to question 36.*

35. If yes, which payment method(s) did you switch to at the store? (√ all that apply)

Cash	<u>165 (22.7%)</u>
Credit cards	<u>211 (29.0%)</u>
<b>Debit cards</b>	<b><u>310 (42.6%)</u></b>
Stored value cards	<u>14 (1.9%)</u>
Other	<u>27 (3.7%)</u>

TOTAL responses: 727  
(Number of total respondents: 526)

36. Has the check-to-ACH conversion at the store caused you to reduce or discontinue your use of that store? (√ one)

Yes 188 (9.7%) No **1745 (90.3%)**  
No Answer 90

TOTAL responses: 1933

If yes, why? \_\_\_\_\_

Questions 37-42 ask about your experiences with paying bills with a check by mail.

37. When paying a recurring bill (credit card, utility, etc.) with a check by mail, have you ever **failed** to receive your check or electronic image back? (√ one)

Yes 679 (15.8%)  
No **1640 (38.2%)**  
Don't know or didn't notice 604 (14.1%)  
I don't get checks or images back from my bank 1371 (31.9%)  
(should match question 5)  
No Answer 271

TOTAL responses: 4294

*If not yes, please go to question 42.*

38. If yes, are you aware that your check was converted to an accounts receivable check (ARC), which is an ACH electronic payment that is immediately (that night) deducted from your checking account? (√ one)

Yes **416 (66.6%)** No 209 (33.4%)  
No Answer 54

TOTAL responses: 625

39. Has this paper check-to-ARC conversion caused you to change the way you pay the bill(s)? (√ one)

Yes 41 (10.0%) No **367 (90.0%)**  
No Answer 8

TOTAL responses: 408

If yes, why? \_\_\_\_\_

*If no, please skip to question 41.*

40. If yes, which payment method(s) did you switch to? (√ all that apply)

Credit cards	<u>11 (22.9%)</u>
ACH payment (preauthorized)	<u>8 (16.7%)</u>
<b>Online banking</b>	<b><u>18 (37.5%)</u></b>
Other	<u>11 (22.9%)</u>

TOTAL responses: 48  
(Number of total respondents: 39)



41. Has the paper check-to-ARC conversion caused you to reduce or discontinue your use of the company that bills you? (√ one)  
 Yes 24 (6.0%)      **No 375 (94.0%)**  
 No Answer 17

TOTAL responses:                    399

If yes, why? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

42. Beginning June 11, 2004, companies or banks that bill you and do paper check-to-ARC (accounts receivable check) conversions must give you the chance to stop them from doing ARC conversions. Will you choose to stop ARC conversions, when given the chance? (√ one)  
 Yes                                    534 (12.8%)  
 Not sure or don't know    1574 (37.7%)  
**No                                    2068 (49.5%)**  
 No Answer 389

TOTAL responses:                    4176

If yes, why? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Questions 43-48 ask miscellaneous questions about your payment experiences.*

43. When you shop in person at a grocery, pharmacy or retail store that accepts different payment types, which method do you most often choose for these amounts? (√ one box in each column)

Less than \$20: **Cash                    2234 (50.9%)**  
    Checks                    258 (5.9%)  
    Credit Cards           634 (14.4%)  
    Debit Cards           1264 (28.8%)  
    Stored Value           3 (0.1%)

\$20 to \$50:    Cash                    393 (8.9%)  
    Checks                    632 (14.4%)  
    Credit Cards           1338 (30.4%)  
    **Debit Cards 2025 (46.1%)**  
    Stored Value           9 (0.2%)

More than \$50: Cash                    94 (2.2%)  
    Checks                    627 (14.4%)  
    **Credit Cards 2110 (48.3%)**  
    Debit Cards           1524 (34.9%)  
    Stored Value           15 (0.3%)

Number of Respondents: 4393 (less than \$20), 4397 (\$20-\$50), 4370 (more than \$50)

44. If you most often use cash or checks at these stores, why don't you use a credit, debit, or stored value card?  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

45. When you shop in person at a grocery, pharmacy, or retail store, do you use checks more than, less than, or the same as you did three years ago? (√ one)  
 More 161 (3.7%)      Same 1358 (30.9%)  
**Less 2882 (65.5%)**  
 No Answer 164

TOTAL responses:                    4401

46. If less, what payment method do you most often choose instead? (√ one box in each column)

Less than \$20: **Cash                    1191 (42.9%)**  
    Credit Cards           449 (16.2%)  
    Debit Cards           1134 (40.9%)  
    Stored Value           2 (0.1%)

\$20 to \$50:    Cash                    189 (6.8%)  
    Credit Cards           873 (31.2%)  
    **Debit Cards 1734 (62.0%)**  
    Stored Value           3 (0.1%)

More than \$50: Cash                    45 (1.6%)  
    **Credit Cards 1328 (47.9%)**  
    Debit Cards           1392 (50.3%)  
    Stored Value           5 (0.2%)

Number of Respondents: 2776 (less than \$20), 2799 (\$20-\$50), 2770 (more than \$50)

Why do you choose this alternative?  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

47. For each type of recurring bill (monthly, quarterly, annual), what payment methods do you use? (✓ all boxes that apply in each row)

Rent/mortgage:	<b>Check</b>	<b><u>2375 (55.2%)</u></b>
	Credit Cards	<u>13 (0.3%)</u>
	Online Banking	<u>551 (12.8 %)</u>
	ACH	<u>1362 (31.7%)</u>
Phone-home:	<b>Check</b>	<b><u>2457 (55.8%)</u></b>
	Credit Cards	<u>249 (5.7%)</u>
	Online Banking	<u>991 (22.5%)</u>
	ACH	<u>705 (16.0%)</u>
Phone-cell:	<b>Check</b>	<b><u>2067 (51.6%)</u></b>
	Credit Cards	<u>505 (12.6%)</u>
	Online Banking	<u>936 (23.4%)</u>
	ACH	<u>498 (12.4%)</u>
TV (cable):	<b>Check</b>	<b><u>2237 (57.1%)</u></b>
	Credit Cards	<u>329 (8.4%)</u>
	Online Banking	<u>793 (20.3%)</u>
	ACH	<u>556 (14.2%)</u>
Internet:	<b>Check</b>	<b><u>1106 (30.9%)</u></b>
	Credit Cards	<u>1079 (30.2%)</u>
	Online Banking	<u>673 (18.8%)</u>
	ACH	<u>716 (20.0%)</u>
Insurance:	<b>Check</b>	<b><u>2182 (48.9%)</u></b>
	Credit Cards	<u>166 (3.7%)</u>
	Online Banking	<u>545 (12.2%)</u>
	ACH	<u>1561 (35.0%)</u>
Loan Payments:	<b>Check</b>	<b><u>1598 (42.7%)</u></b>
	Credit Cards	<u>37 (0.9%)</u>
	Online Banking	<u>759 (20.3%)</u>
	ACH	<u>1347 (36.0%)</u>
Utilities:	<b>Check</b>	<b><u>2528 (54.5%)</u></b>
	Credit Cards	<u>172 (3.7%)</u>
	Online Banking	<u>977 (20.9%)</u>
	ACH	<u>988 (21.2%)</u>
Other:	<b>Check</b>	<b><u>470 (44.2%)</u></b>
	Credit Cards	<u>109 (10.2%)</u>
	Online Banking	<u>238 (22.4%)</u>
	ACH	<u>247 (23.2%)</u>

Number of Respondents = 4565

If you use other methods for these bills, what are the methods and bills?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

48. Are there any types of recurring bills for which you write more checks than you used to?

Yes 248 (6.0%)      No **3905 (94.0%)**  
 No Answer 412

Number of total respondents: 4153

What are they? \_\_\_\_\_

\_\_\_\_\_

**Please go to question 50.**

49. If you do *NOT* have a checking account, please indicate reasons why.

(✓ all that apply)

Don't write enough checks	<u>13 (22.8%)</u>
Minimum balance too high	<u>3 (5.3%)</u>
Service charges too high	<u>6 (10.5%)</u>
Don't like to deal with banks	<u>4 (7.05%)</u>
Can't manage checking account	<u>5 (8.8%)</u>
<b>Don't need/want an account</b>	<b><u>20 (35.1%)</u></b>
Other _____	<u>6 (10.5%)</u>

TOTAL responses: 57  
 (Number of total respondents: 38)

### Demographic Information

50. What is your age category? (✓ one)

Under 25	<u>170 (3.7%)</u>
25 – 34	<u>809 (17.8%)</u>
35 – 44	<u>1369 (30.1%)</u>
<b>45 – 54</b>	<b><u>1560 (34.3%)</u></b>
55 – 64	<u>624 (13.7%)</u>
65 or over	<u>18 (0.4%)</u>
No Answer	<u>81</u>

Number of total respondents: 4550

51. What is your highest grade of school?

(✓ one)

High school degree or less	<u>387 (8.5%)</u>
Some college, no degree	<u>1238 (27.3%)</u>
<b>College degree</b>	<b><u>1687 (37.2%)</u></b>
Post graduate school or degree	<u>1222 (27.0%)</u>
No Answer	<u>97</u>

Number of total respondents: 4534

52. Do you own or rent your primary residence? (✓ one)

**Own 3733 (82.5%)**      Rent 793 (17.5%)  
 No Answer 105

Number of total respondents: 4526

**53. What was your total household's 2003 annual income category? (√ one)**

Less than \$50,000	<u>779 (17.6%)</u>
\$50,000 - \$74,999	<u>1045 (23.7%)</u>
\$75,000 - \$99,999	<u>1075 (24.3%)</u>
<b>Greater than \$100,000</b>	<b><u>1519 (34.4%)</u></b>
No Answer	<u>213</u>

Number of total respondents: 4418

**54. What is your Federal Reserve System District?** (√ one)

Boston (1 <sup>st</sup> )	<u>226 (4.9%)</u>
NY (2 <sup>st</sup> )	<u>355 (7.7%)</u>
Philadelphia (3 <sup>rd</sup> )	<u>248 (5.4%)</u>
Cleveland (4 <sup>th</sup> )	<u>318 (6.9%)</u>
Richmond (5 <sup>th</sup> )	<u>244 (5.3%)</u>
Atlanta (6 <sup>th</sup> )	<u>382 (8.3%)</u>
Chicago (7 <sup>th</sup> )	<u>446 (9.6%)</u>
St. Louis (8 <sup>th</sup> )	<u>248 (5.4%)</u>
Minneapolis (9 <sup>th</sup> )	<u>583 (12.6%)</u>
<b>KC (10<sup>th</sup>)</b>	<b><u>675 (14.6%)</u></b>
Dallas (11 <sup>th</sup> )	<u>421 (9.1%)</u>
SF (12 <sup>th</sup> )	<u>308 (6.7%)</u>
Board of Governors	<u>177 (3.8%)</u>

Number of total respondents: 4631

**55. Please indicate below any additional comments about your use of checks and why you *choose to use or not to use* checks versus other types of payment methods.**

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Please see next page for raffle information.*



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**RAFFLE INFORMATION**

- Respondents to the web version of the survey will receive information automatically about how to enter the raffle electronically.
- Respondents to the paper copy version of the survey must complete the contact information below and return it to **TO BE COMPLETED BY EACH RESERVE BANK.**

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COMPLETE, DETACH, AND SUBMIT

I have completed and returned the Boston Fed consumer payment survey. Please enter me in the raffle!

Name \_\_\_\_\_

Reserve Bank \_\_\_\_\_

Department \_\_\_\_\_

Phone number \_\_\_\_\_

E-mail address \_\_\_\_\_

**PRIZE SELECTION:**

If you are selected to win a raffle prize you may choose from one of the prizes listed below. Please number each prize from 1 to 4 in the order you prefer to receive them (with 1 being the prize you want the most, 2 being the prize you want second most, etc.).

Wireless mouse (approx. value \$25) \_\_\_\_\_  
Expandable saddle bag (\$25) \_\_\_\_\_  
Starlight pens (\$5) \_\_\_\_\_  
Cloth pocket 12-CD holder (\$5) \_\_\_\_\_

(Prizes will be awarded in the order of drawing.)

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**Please return your completed survey and raffle entry by June 30, 2004, to:**

**TO BE COMPLETED BY EACH RESERVE BANK**

**Thank you!**