

# Contents

<i>Chapter</i>	<i>Page</i>
I. Summary . . . . .	3
Z. Electronic Funds Transfer Technologies and Services. . . . .	9
Chapter Summary. . . . .	9
Introduction . . . . .	9
Automated Teller Machines. . . . .	10
Point-of-Sale. . . . .	12
Credit Card Authorization and Check Validation. . . . .	13
Debit Cards. . . . .	13
Telephone Bill Payment. . . . .	14
Wire Transfer. . . . .	15
Check Truncation. . . . .	15
Automated Clearinghouses. . . . .	15
3. Competitive and Regulatory Environment of Electronic Funds Transfer. .19	
Chapter Summary. . . . .	19
The Payments System. . . . .	19
Providers and Regulators of Payment Services. . . . .	20
Existing and Proposed Laws. . . . .	21
Interstate EFT Services. . . . .	23
Key Actors in EFT Development. . . . .	24
4. Privacy in Electronic Funds Transfer. . . . .	29
Chapter Summary. . . . .	29
What is Privacy?. . . . .	30
Privacy in Financial Transactions. . . . .	30
What Constitutes a Violation of Privacy?. . . . .	31
EFT and Privacy. . . . .	32
The Economics of EFT Privacy. . . . .	35
Concern About Government Surveillance. . . . .	35
Legal Protection of Privacy in EFT. . . . .	36
5. Security in Electronic Funds Transfer. . . . .	45
Chapter Summary. . . . .	45
Security in Payment Systems. . . . .	46
Types of EFT Crime or Breaches of Security. . . . .	48
How Serious is EFT Crime at Present?. . . . .	49
Technology and Techniques for Increased EFT Security. . . . .	50
Security and Public Discussion. . . . .	52
Relationship of Security to Privacy and Equity. . . . .	53
6. Equity in Electronic Funds Transfer. . . . .	57
Chapter Summary. . . . .	57
What is Equity?. . . . .	58
Equity in Payment Systems. . . . .	59
EFT Equity and the Socially Disadvantaged. . . . .	59
The Poor. . . . .	60
The Elderly. . . . .	60
Women . . . . .	61

	<i>Page</i>
Racial/Ethnic Groups. . . . .	61
The Handicapped or Disabled . . . . .	61
Transitional Groups Without Recognized Financial Status. . . . .	61
The General Public as Consumers of Financial Services. . . . .	62
The Knowledge to Choose. . . . .	62
The Preservation of Options. . . . .	63
The Economics of Payment Systems. . . . .	64
Personal Money Management. . . . .	65
Liability . . . . .	66
Customer Vulnerability to Errors. . . . .	66
In Conclusion. . . . .	66

## Appendixes

A. Other Questions and Issues Concerning Electronic Funds Transfer.71	
Appendix Summary. . . . .	71
EFT and the Structure of the Financial Services Industry. ....	71
EFT and the National Welfare. . . . .	73
The Government Role in EFT. . . . .	74
B. List of Working Papers. . . . .	77

## LIST OF TABLES

<i>Table No.</i>	<i>Page</i>
1. Financial Services–Non-EFT and EFT. . . . .	9
2. EFT Services and Technologies. . . . .	11
3. Point-of-Sale Services. . . . .	12
4. Key Institutional Actors in EFT Development. . . . .	25
5. EFT Services: Public Awareness, Availability, Usage, and Interest. . . . .	26
6. Comparison of NCEFT Recommendations on Privacy With Present Status of Existing Proposed Legislation. . . . .	37
7. Major Categories of Threats to EFT Security. . . . .	51
A-1. A Comparison of EFT Threat Levels by Source of Threat. . . . .	73

## FIGURE

<i>Figure No.</i>	<i>Page</i>
1. The Tangled Web of Banking Regulation. . . . .	22