

Survey Finds Savings Increase \$90 Monthly When Consumers Save Electronically
Direct Deposit and Direct Payment are Electronic Savings Methods Used

HERNDON, Va. – April 4, 2007 – According to a consumer survey completed late last year, consumers who use Direct Deposit or Direct Payment to add to their savings accounts save \$90 more per month than those who use another method to save.

However, the survey, commissioned by NACHA’s Marketing Management Group (MMG), showed that only 36 percent of respondents use Direct Deposit or Direct Payment to save. The majority saved by depositing checks or cash (41%) or by manually transferring money between accounts (13%).

“People who save using electronic payments are usually more consistent and committed savers,” said Diane Freeman, 2007 chairman of MMG and FedACH product manager at the Federal Reserve Bank of Atlanta. “Once you set up Direct Deposit or Direct Payment, the money goes into your savings account automatically each month. You are less likely to notice the deduction if this happens automatically versus manually.”

“Most employers will split Direct Deposit of an employee’s pay into several different accounts including a savings account,” continued Freeman. “If an employer doesn’t offer this, financial institutions can set up electronic transfers of money from checking accounts into savings accounts via Direct Payment.”

Most people who are offered Direct Deposit for their pay use it. However, many small and medium-size businesses don’t use Direct Deposit to pay their employees. “We encourage employees to ask their employers, regardless of size, to offer Direct Deposit. It should be a component in every employee’s benefits package,” said Freeman.