



PRESS RELEASE

Federal Deposit Insurance Corporation

August 2, 1996

Media Contact:
Robert M. Garsson (202-898-6993)

FDIC SCHEDULES SEPTEMBER PUBLIC HEARING ON STORED-VALUE CARDS AND OTHER ELECTRONIC PAYMENT SYSTEMS

FOR IMMEDIATE RELEASE

The FDIC has scheduled a hearing Sept. 12 to listen to the concerns of bankers, consumers, and others on stored-value cards, Internet banking and other electronic payment systems. The FDIC has also requested written comment on these topics.

The hearing will be held in the board room at the FDIC's headquarters in Washington, from 9 a.m. to 4:30 p.m. Additional sessions, including one on the morning of Sept. 13, will be added if needed to accommodate those wishing to testify.

The decision to hold a hearing was prompted by the FDIC's recent review of whether stored-value cards should qualify for federal deposit insurance. These cards, which currently are being issued by only a few institutions, have magnetic stripes or computer chips that enable electronic value to be added or deducted as needed. The cards can be used as a convenient alternative to cash when paying for meals, retail goods and other purchases.

At a meeting on July 16, the FDIC's Board of Directors approved a Legal Division opinion concluding that the funds represented by stored-value cards are not protected by federal deposit insurance in most cases. However, the opinion noted that institutions could design stored-value cards that would be insured. In addition, the FDIC Board authorized a public hearing and decided to seek written comment on a wide range of electronic banking issues. The issues include whether stored-value cards should be entitled to federal insurance as they become more widely used; what types of disclosures an institution should provide to consumers; and such safety and soundness concerns as card fraud and counterfeiting.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). PR-59-96

Anyone wishing to testify should send a written request to be received by the close of business on August 26. (Mail: FDIC Office of the Executive Secretary, 550 17th Street, NW, Washington, DC 20429. Hand-delivery: Room 400, 1776 F Street, NW, Washington, DC. Fax: 202-898-3838.)

Also, by September 3, each participant must send or hand-deliver to the Executive Secretary a written summary of the testimony that will be presented at the hearing. The FDIC plans to limit participants to a 15-minute oral presentation and to give them advance notice of the time scheduled for their appearance.

For more information about submitting a request to testify, please contact Valerie Best, Assistant Executive Secretary, at 202-898-3812.

The request for written comments on electronic banking issues was published in the Federal Register today. Written comments are due by Oct. 31.

Last Updated 07/14/1999
