

# Payment Cards Center

The Center was created to address payment card issues and serve as a source of expertise on this emerging sector of the financial services industry.

As credit cards, debit cards, and other new methods of payment become more popular and pervasive, the Philadelphia Fed's Payment Cards Center continues its work to provide meaningful insights into this realm of retail payments.

The Center was created to address payment card issues and serve as a source of expertise on this emerging sector of the financial services industry. By studying innovations in retail payments through research and analysis, workshops, and conferences, the Center encourages dialogue among industry participants, academics, and policymakers. Importantly, the Center's staff draws on the expertise of their Reserve Bank colleagues, from retail risk quantification specialists in Supervision, Regulation and Credit to payments-focused economists in the Research Department.

Here are just a few of the Center's 2003 activities, which shed light on important trends and developments in the payment cards industry.

## Conferences

"Asset-Backed Securities and Credit Cards" (December 3, 2003) brought together industry practitioners and the bank regulatory community to explore the role of securitization in the credit card industry and discuss emerging issues.

"Financial Privacy: Perspectives from the Payment Cards Industry" (March 21, 2003) included legal and industry experts who provided insights into the controversy surrounding the financial privacy debate and addressed steps being taken to safeguard personal financial information.

“Innovations at the Point of Sale” (February 27, 2003) highlighted emerging developments, trends, and challenges in consumer payments with a special emphasis on merchants’ perspectives.

## Discussion Papers

“Consumer Bankruptcy: How Unsecured Lenders Fare” (November 2003), a discussion paper by Payment Cards Center Industry Specialist Mark Furletti, assesses trends and developments in bankruptcy filings and their impact on unsecured lenders, especially credit card issuers.

“Credit Card Pricing Developments and Their Disclosure” (January 2003), a discussion paper also by Mark Furletti, considers changes in credit card pricing over the past two decades and describes how new technologies, increasing competition, and consumer awareness have influenced card pricing and broadened the availability of unsecured credit.

## Research Working Papers

“An Introduction to the Economics of Payment Card Networks” (June 2003), a Research Department working paper by Philadelphia Fed economist Robert Hunt, provides an overview of the economics of the payment card industry, examining the antitrust issues arising from the vast coordination among financial institutions, retailers, and consumers in open payment card networks.

“Credit Card Securitization and Regulatory Arbitrage” (April 2003), a Research Department working paper by Charles Calomiris (Columbia Business School, the National Bureau of Economic Research, and the American Enterprise Institute), and Joseph Mason (Drexel University and Payment Cards Center visiting scholar), explores the motivations and desirability of off-balance-sheet financing of credit card receivables by banks. ■

To learn more about the Center’s conferences and papers, or to obtain more information on other Payment Cards Center activities, please visit our web site at [www.phil.frb.org/pcc](http://www.phil.frb.org/pcc).



(Left to right): Oliver Ireland, attorney, Morrison & Foerster; Peter Swire, professor of law, the Moritz College of Law, Ohio State University; Andy Navarrete, associate general counsel, Capital One; and Bill Brooks, chief privacy officer, MBNA, participate in a panel discussion during a Payment Cards Center symposium on privacy issues in the payment card industry.