



Appendix 2

Methodology

The DCPC was developed jointly by the Boston Fed’s Consumer Payments Research Center (CPRC), the Federal Reserve’s Cash Product Office (CPO) in San Francisco, and the Payments Studies Group (PSG) at the Richmond Fed. The Diary is being used to benchmark the CPRC’s Survey of Consumer Payment Choice, for strategic planning by the CPO, and to enable economic analysis of the payments choices consumers make. The CPO and the CPRC performed a joint review of the survey responses presented in this paper.

The diary study is based on a random sample of 2,468 respondents from across the United States, based on the American Life Panel administered by the Rand Corporation. Using the Census Bureau’s Current Population Survey, responses were weighted to match national population estimates. October was selected as a “typical month” to minimize seasonality effects in consumer spending patterns. The survey was staggered over the month of October 2012 to ensure that there were nearly equal people participating each day of the month.

Participants were asked to log all of their transactions for three days, including their purchases, bill payments, cash withdrawals, and deposits. The diary also asked participants how much cash they had in their wallets at the start of the study and at the end of each day. To track the detail of each payment made for each day, participants were given a paper journal-like memory aid that also contained a reference list of payment methods, merchant type, etc. to help respondents classify their payments. Participants then logged into a website and entered their activity for the day.

Participants were also asked to identify and rank their preferred payment instruments at the outset of their diary entries. This allowed insight into the relationship between the consumer’s preferences and the actual payment instrument used in transactions.