



# FLORIDA STATE UNIVERSITY

## *The COLLEGE of BUSINESS*

### **Humphrey's research on banking and payment systems issues is essential for smooth operations and the reduction of risks**

David Humphrey is the Fannie Wilson Smith Eminent Scholar in Banking in the College of Business at FSU. His research interests focus on banking and payment system issues following 16 years of work in these areas while at the Federal Reserve. His work is contained in some 100 academic and government publications.

Payment systems in the U.S. and elsewhere are essential for the smooth operation of markets but their workings are largely hidden from the general public. Over the last 25 years, Humphrey's research has dealt with ways in which risk on wire transfer networks can be reduced, as payments in the U.S. alone total around \$5 trillion per day.

Large value payment networks are used for almost all foreign exchange, bond, stock, commodity, and large value business transactions in the U.S., Europe, and Japan. Disruption of payments on these networks would have serious consequences for financial markets. Therefore, central banks have been working on the risk issue since 1978 and have now largely solved it, making liquidity the focus of their current efforts.

Other payment research conducted by Humphrey has concerned the costs and benefits associated with the shift to electronic payments. So far, banks are estimated to have saved some \$32 billion in Europe alone — benefits that over time are being realized by bank customers.

Due to central bank interest in payment issues, Humphrey has been invited to present research seminars and work with other researchers at numerous central banks (the Federal Reserve, Norges Bank (Norway), De Nederlandsche Bank (Netherlands), Bank of Canada, Reserve Bank of Australia, Bank of Spain, and the Central Bank of Thailand).

Humphrey received his Ph.D. in economics from the University of California (Berkeley), holds an honorary doctorate in economics from the University of Gothenburg in Sweden, is on the editorial boards of three banking journals, and is a Visiting Fellow of the Payment Card Center at the Federal Reserve Bank of Philadelphia.



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