



**A BRIEF OVERVIEW OF THE FEDWIRE SYSTEM**  
**Green, Durrant, Hu, Kehl, Prathan, (Luciano Pesci)**  
**Department of Economics**

The purpose of this article is four-fold. First, to provide a brief overview of the FedWire system explaining what it is and the role it fulfills in the US economy. Second, we will explain how banks interact with the system when making transfers as well as look at the disparity in the transaction costs vs prices charged to the consumers. Third, we will provide a brief history explaining how the FedWire system was created at the advent of the telegraph to replace gold being transported by stage coach and how it has continually evolved to increase security, speed and efficiency. Lastly, we look at the rise of competition from third-party payment options created by corporations that have challenged the FedWire system in ease of use as costs. Information was primarily obtained from researching various publications found at [www.federalreserve.gov](http://www.federalreserve.gov) and few publications issued by major banks in the US. Our findings support the fact that despite the rise of third party payment systems the FedWire (Federal Reserve Wire Network) continues to be the primary channel by which funds are transferred electronically in the US financial system and as such is fundamental to the health of the US economy.