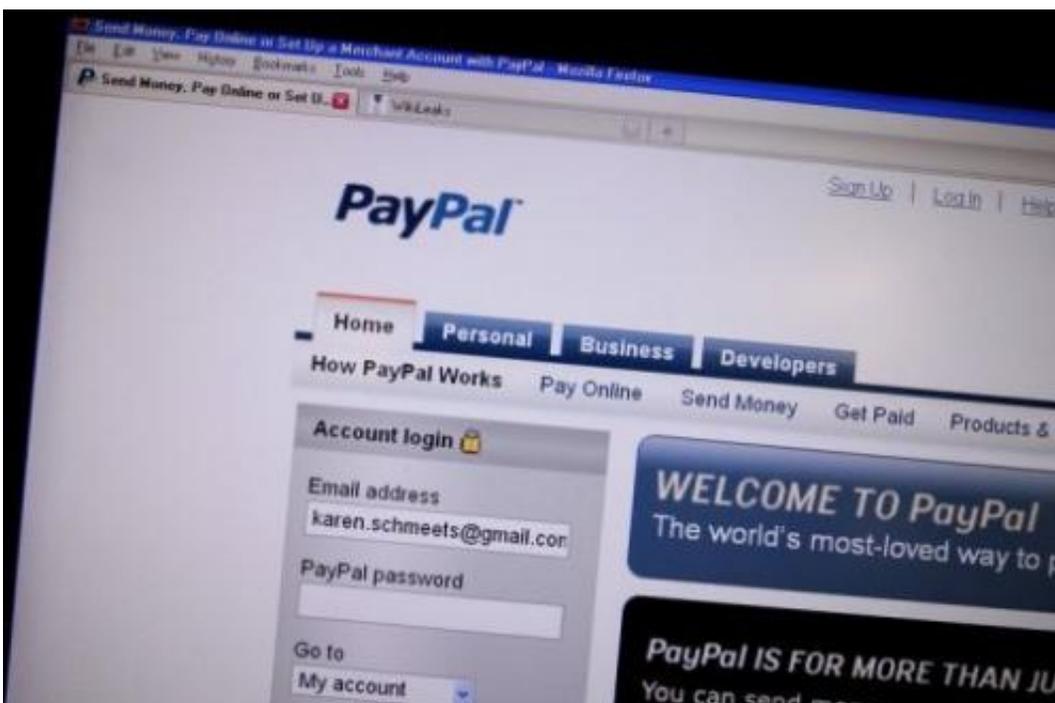


US studying risk from online payment providers

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Some bankers have expressed worries that newer players in the online

marketplace could have negative implications for the financial system.

"We have been talking... with banking organisations over the last year or two, trying more carefully to understand what the concerns are with these new payment mechanisms," Federal Reserve Vice Chair Janet Yellen said.

But she denied the widespread view that such players operate completely unregulated, saying the [United States](#) has a stronger regulatory environment than many are aware of, especially in the area of consumer protection.

"In point of fact, at least in the United States, there are regulations that apply to PayPal and other payment providers," she told the annual International Monetary Conference in China's financial hub of Shanghai.

[PayPal](#) is the online payments arm of US Internet retail giant [eBay](#).

"But that said, this is very much on our radar screen and we are carefully trying to identify where the risks are," Yellen added.

Last month, US authorities seized the accounts of one Bitcoin digital [currency](#) exchange operator, Mutum Sigillum LCC, claiming it was functioning as an "unlicensed money service business".

Bitcoins were launched in 2009 in the wake of the [global financial crisis](#) by an anonymous programmer who wanted to create a currency independent of any central bank or financial institution.

Some officials fear the [virtual currency](#) can be used by criminals or terrorists, or could be vulnerable to hackers.

The United States last month launched a money laundering probe against

a digital currency operator, Costa Rica-based Liberty Reserve, which allegedly handled huge amounts of money outside the control of national governments.

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