



June 30, 2025

*Submitted to Regulations.gov*  
United States Department of Treasury  
Washington, DC

Re: TREAS-DO-2025-0004, Request for Information on Modernizing Payments

Thank you for the opportunity to comment on the Department of Treasury's Request for Information Related to the Executive Order, "Modernizing Payments To and From America's Bank Account," 90 Fed. Reg. 23108 (May 30, 2025).<sup>1</sup>

Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the United States through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

The goal of reducing the number of paper checks sent by and to the federal government and increasing the use of electronic payments in both directions is a worthy one. Checks sent through the mail present many issues, including their slow speed and the risks of loss, theft, and fraud. At the same time, there are multiple reasons why people do not use electronic payments to or from the federal government today, and Treasury must address those reasons in order to make electronic payments work well, to increase adoption, and to provide adjustments to ensure that everyone can access electronic payments.

In these comments, we urge Treasury to:

1. Conduct broader public outreach, including to stakeholders representing constituencies with different needs, to get their input and assistance.
2. Use the success of the transition to electronic payments for Social Security and other recurring payments as a model and retain existing exceptions for those payments.

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<sup>1</sup> These comments were written by Lauren Saunders and Carla Sanchez-Adams.

3. Reduce unbanked rates, limit overdraft fees, and promote the BankOn program.
4. For one-time payments to individuals, consider dos and don'ts and learn from the COVID stimulus payment experience.
5. For payments by individuals, consider the challenges faced by people without bank accounts or internet access or who are not comfortable making electronic payments because of their age, their location, a disability, or other barriers.
6. Consider using the Post Office, community action agencies, counselors, and others to ensure all individuals can send and receive funds.
7. Protect and respect privacy.
8. Include an exception process.
9. Provide information through various channels in a clear, conspicuous, and readily accessible manner, including in multiple languages.
10. Allow a meaningful transition period.
11. Do not use stablecoins, crypto-assets, or any other uninsured method of disbursing funds.

**1. Conduct broader public outreach, including to stakeholders representing constituencies with different needs, to get their input and assistance.**

The short 30-day period provided for these comments has not allowed us to reach out to the myriad of different constituencies who may be impacted by the transition to electronic payments. The obscure topic published in the Federal Register also undoubtedly was unseen or unappreciated by many people and groups who will have important points to offer. These constituencies can assist the federal government in encouraging people to adopt electronic payments. They can also offer insight into ways in which the government can implement the transition, including the methods, accommodations, or exceptions needed to ensure that everyone who needs to make or receive a payment will be able to do so successfully, without incurring undue cost or inconvenience.

Some of these constituencies include:

- People in rural areas who may lack access to banks, ATMs, or reliable internet services.
- Communities with high unbanked rates (see below).
- People with disabilities, including both physical disabilities that make using computers difficult and mental disabilities.
- Older adults who are not comfortable using computers or who are starting to have memory or other health issues that pose challenges to electronic communications and payments.
- Survivors of domestic violence who may have their bank accounts controlled by a partner who denies them access or from whom they have separated or divorced.
- Servicemembers who are frequently deployed in remote locations.

- People without bank accounts.
- People without internet access, or who have difficulties using it, or who are not comfortable using it for financial transactions.
- People with limited English proficiency.
- Immigrants, including those here legally, who may have difficulty obtaining bank accounts.

The issues people face will vary depending on the context and the type of payment involved:

- Is the payment a recurring one, such as Social Security payments?
- Is it a one-time payment like a tax refund?
- Is it a payment by the consumer to the government, such as a tax payment?

Treasury will only be able to identify important issues if it poses concrete questions to different constituencies about these various contexts and the solutions the government is considering implementing.

While the government has experience moving to electronic payments for recurring payments to Social Security recipients and for other federal benefits, it has less experience with one-time payments and payments made to the government by consumers. The process of paying COVID stimulus payments provided important lessons and revealed many challenges (some discussed below). Thus, conducting much broader public outreach is essential before eliminating paper checks in new contexts.

## **2. Use the success of the transition to electronic payments for Social Security and other recurring payments as a model and retain existing exceptions for those payments.**

Treasury has already run a successful program to transition people to electronic payments for recurring payments including Social Security payments, veterans' payments, and other federal benefit payments. The vast majority of such payments are now made electronically, and the number of checks continues to drop.

The effort to move federal benefits payments to electronic payments had four main components: (1) a campaign to encourage people to sign up for direct deposit; (2) a default option, the Direct Express Card, that has few fees and works well for most people; (3) a transition period; and (4) exceptions, though a limited number. Those components should also be used by Treasury for other federal payments.

Treasury rules generally require agencies to make recurring payments electronically,<sup>2</sup> but the rules have a number of exceptions.<sup>3</sup> Those exceptions were adopted after multiple comments by many stakeholders, including representatives of impacted recipients, financial institutions, the federal agencies processing the payments, and others. The reasons for many of those exceptions still apply today.

We do not have the time in these comments to review and comment on all these exceptions. But in particular, Treasury should retain the ability by an individual to seek a waiver if electronic payment would impose a hardship because of the individual's inability to manage an account at a financial institution or a Treasury-sponsored account due to a mental impairment or because the individual lives in a remote geographic location lacking the infrastructure to support electronic financial transactions.”<sup>4</sup>

The regulations for electronic delivery of payments also provide an exception for payments, such as tax refunds, that are not expected to recur within a one-year period on a regular basis.<sup>5</sup> Treasury may be able to make progress in moving more of those non-recurring payments to electronic payments, but they pose special challenges, discussed below, and additional exceptions should be considered.

### **3. Reduce unbanked rates, limit overdraft fees, and promote the BankOn program.**

One obvious barrier to direct electronic payments is the lack of a bank account. An unbanked individual can go to a check cashier and cash a check, but they cannot list an account number on a tax return for direct deposit. While unbanked rates have declined in recent years, 4.2% of U.S. households—representing about 5.6 million households—are still unbanked. Unbanked rates are particularly high in certain communities.<sup>6</sup> More than one in 10 (11.2%) working-age households with a disability is unbanked, as are 12.2% of Native American, 10.6% of Black, and 9.5% of Latino households.<sup>7</sup>

We encourage Treasury to promote the BankOn program as a way for unbanked individuals to obtain bank accounts. BankOn accounts are fully insured, have low fees, no overdraft or nonsufficient funds (NSF) fees, have key features needed for usable accounts, and are safe for people who have had trouble with overdrafts on other accounts. Importantly, most BankOn

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<sup>2</sup> 31 C.F.R. § 208.1.

<sup>3</sup> 31 C.F.R. § 208.4.

<sup>4</sup> 31 C.F.R. § 208.4(a)(1)(iv), (v).

<sup>5</sup> 31 C.F.R. § 208.4(a)(7).

<sup>6</sup> Federal Deposit Ins. Corp., 2023 FDIC National Survey of Unbanked and Underbanked Households at 1 (Nov. 2024), <https://www.fdic.gov/household-survey/2023-fdic-national-survey-unbanked-and-underbanked-households-report>.

<sup>7</sup> *Id.* at 2.

accounts are also open to people who have blemished records with account screening agencies and thus are more accessible to the unbanked population than other accounts.

We urge Treasury to promote only accounts held directly by fully insured financial institutions and not accounts opened through nonbank entities that are not insured, do not receive the same supervision and oversight as financial institutions, typically have minimal customer service, and do not offer the same suite of services that financial institutions do.<sup>8</sup> As discussed below, we also urge Treasury not to permit payments by stablecoin or cryptocurrency for these same reasons.

#### **4. For one-time payments to individuals, consider dos and don'ts and learn from the COVID stimulus payment experience.**

One-time payments pose different challenges than recurring payments. For a one-time payment, it is less worthwhile to invest the time and effort into obtaining bank account and routing information to make a direct deposit. While Treasury can and has used prepaid cards as a form of electronic payment instead of paper checks, that process is counter-productive for Treasury, as it is more expensive to create and mail a prepaid card than a check, and they too can be lost or stolen in the mail. It may even be easier to circumvent the online or telephone authorization process for a prepaid card than to fraudulently cash a paper check in person.

In some instances, such as Individual Assistance payments by FEMA, the risks of fraud or theft are already particularly high after a natural disaster, even before considering the additional factor of electronic payments to disaster survivors. Nevertheless, where the amount of the payment is significant or where the recipient, especially a disaster survivor, is displaced, electronic payments are already in use by FEMA in partnership with the Treasury Department as one of several choices for paying Individual Assistance. Preserving choices may be the best option for the applicant.

Certainly, when there is an opportunity, such as the process of filing a tax return, Treasury should encourage people to provide bank account information for direct deposit. Electronic payments are already widely used to pay tax funds and Individual Assistance payments after a natural disaster, and can be particularly helpful for providing secure, timely payments for displaced disaster survivors. But not everyone has a bank account. And as more people have debit card accounts, either with banks or with nonbank fintechs that discourage or even completely lack checks, people will not understand that their account has an underlying account and routing number, nor will they know how to find it.

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<sup>8</sup> See National Consumer Law Center, Comments on Bank-Fintech Arrangements Impacting Payments and Deposit Accounts (Oct. 30, 2024), [https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30\\_Comments\\_RFI-Bank-Fintech-Partnership-Deposits-NCLC.pdf](https://www.nclc.org/wp-content/uploads/2024/10/2024.10.30_Comments_RFI-Bank-Fintech-Partnership-Deposits-NCLC.pdf).

The experience of paying COVID stimulus payments revealed many problems associated with attempts to send payments electronically. A push to open accounts led to massive waves of fraudulent accounts. It is easier for criminals to steal money *en masse* by redirecting funds to thousands of fake accounts than it is to steal individual checks mailed physically to consumers at their addresses. Efforts by Treasury to make stimulus payments to the bank accounts used on the prior tax return led to numerous problems. Some accounts were closed; some were controlled by ex-spouses or estranged partners; some went to prepaid cards that had been stolen or diverted. Some people thought the prepaid cards used to make some stimulus payments were a scam or they did not understand how to use them.

To the extent that Treasury prefers to mail prepaid cards instead of checks, and in the hopes that those cards can be used repeatedly, it is essential that the cards have low or no fees. In particular, there should be:

- No monthly or inactivity fees.
- A broad surcharge-free ATM network and unlimited free in-network ATM withdrawals.
- One or more free out-of-network ATM withdrawals.
- A clear, free option to transfer the funds to another account and to cash the entire card with no fees at tellers and other convenient locations.
- No overdraft or declined transaction fees.
- Free, accessible customer service.<sup>9</sup>

The Money Network card used for the COVID stimulus payments meets these standards.<sup>10</sup> The Direct Express Card<sup>11</sup> comes close, but it could be improved, particularly by allowing more than one free ATM withdrawal a month and free transfers to another account.

How best to make non-recurring payments deserves more conversation and exploration, but here are some other thoughts on dos and don'ts.

**Do:**

- Give people choices and, to the extent possible, require people to make an affirmative choice of how to receive funds.
- Give the option of providing a debit card number and using the Visa or Mastercard network to make deposits as an alternative to providing a bank account and routing number.

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<sup>9</sup> For more information on best practices for prepaid cards, see National Consumer Law Center, Rating State Government Payroll Cards (Nov. 2015), <https://www.nclc.org/wp-content/uploads/2023/01/payroll-card-report.pdf>.

<sup>10</sup> <https://www.eipcard.com/fee-schedule>.

<sup>11</sup> <https://www.usdirectexpress.com/faq.html> (see “Fees”).

- Direct unbanked individuals to the BankOn website and use community groups to help people open accounts and understand electronic payments.
- Prohibit fees on prepaid cards used to deliver funds to individuals.
- Provide clear and conspicuous information on how to track payments and recover lost or stolen funds.
- Provide information in multiple languages.
- Allow exceptions permitting payment by paper check in appropriate circumstances or cases of hardship (see above).

**Don't:**

- Automatically reuse a previous account or prepaid card unless the individual affirmatively elects that account.
- Require people to use a particular account, card, or other method to receive payments.
- Require individuals to go online to access their payments.

**5. For payments by individuals, consider the challenges faced by people without bank accounts or internet access or who are not comfortable making electronic payments because of their age, their location, a disability, or other barriers.**

Discouraging the use of paper checks for payments by individuals to the federal government is, to our knowledge, a new context that has not previously been explored. We do not know what options Treasury may be considering, and this is a place where more stakeholder outreach is especially important.

We are thinking about this issue primarily in the context of making tax payments, either in connection with tax returns or estimated taxes. It would be helpful to know if there are other contexts that would impact significant numbers of consumers.

Here are a few of our initial thoughts:

- Allow people to use debit cards and not just to authorize ACH payments through their bank account and routing number.
- Encourage but do not require people to make payments through a website or otherwise to have or access a computer or the internet. Many people do not have computers or internet access, and others, like older adults, may not be comfortable using them. Thus, people should be allowed to mail in authorization for an electronic debit to make a payment.
- Do not charge a consumer fees for making a payment.
- Preserve and expand the IRS Direct File program. Allowing people to easily file their tax returns electronically for free also helps them to make their payments electronically.

**6. Consider using the Post Office, community action agencies, counselors, and others to ensure all individuals can send and receive funds.**

Many people will need help with this transition, whether to help them understand new requirements and options, to help them access the internet and electronic payments, or to overcome unique challenges posed by remote areas, disabilities, age, language barriers, or lack of electronic infrastructure. Treasury should consider a range of options to assist.

For tax payments, Volunteer Income Tax Assistance (VITA) programs are an obvious place that can help. Treasury should support and expand those programs; some states have no such programs.

Treasury should also consider using the Post Office. The Post Office has a physical infrastructure network that is unmatched. Especially for rural areas and for those without convenient banking and ATM networks, the Post Office could play a role in helping people make or receive payments. The Post Office already issues money orders. For payments by individuals, the Post Office could provide kiosks where people could deposit cash, checks, money orders, or electronic forms of money orders. The Post Office could also be a place where people could access payments to them through the same kiosks or another manner of accessing the internet and a cash withdrawal.

Community action agencies, housing and other credit counselors are also networks that are well equipped to assist lower-income and less sophisticated individuals who may have trouble understanding or accessing electronic payment requirements. Those agencies should be funded to assist with this endeavor.

**7. Protect and respect privacy**

People will only have confidence using electronic payment options if they understand that their privacy will be respected and their financial information will be secure. The federal government should not use individuals' information for any reason other than to process the payments at issue. Similarly, if any third parties are involved, such as money transmitters, they should be held to strict privacy and data security standards and should not be permitted to use consumers' data for other purposes, or to sell any of their data.

**8. Include an exception process.**

Whatever systems Treasury develops, there will be situations or individuals for whom they do not work. As provided in the existing regulations for recurring payments, and as discussed



above, there should be an exception process for those in rural communities, with disabilities, and others for whom the electronic payments provide a hardship.

**9. Provide information through various channels in a clear, conspicuous, and readily accessible manner, including in multiple languages.**

Treasury should provide clear information addressing multiple frequently asked questions. The government should enlist the organizations and other stakeholders discussed above to disseminate information. Treasury should also provide information in the top languages for individuals with limited English proficiency (LEP). Provision should be made for recipients with disabilities by maintaining communication options for those with a relay service, including video relay and captioned telephone.

To reach the largest LEP group, which comprises over 60% of LEP individuals in the country, essential materials and websites should be bilingual in English and Spanish. For example, FEMA websites after a disaster have been made available in both English and Spanish. In addition, websites should include “tagline” disclosures in the top LEP languages explaining how an individual can get assistance in other languages. Any phone hotlines made available should also include use of a language line to provide oral interpretation in real time, an option that will be particularly useful for individuals whose language is not otherwise included in materials. When a natural disaster is involved, the languages of the written materials should reflect the top LEP languages in the affected area. Phone services after a disaster regarding application for benefits and other matters generally have included most languages, an approach that should continue.

**10. Allow a meaningful transition period.**

The most important goal is to ensure that the government is able to send and receive people’s payments in a smooth and fair manner. As in other areas where technology has transformed our world, people will eventually adjust, and new generations will make and receive electronic payments as a matter of course. But Treasury should start by using the carrot rather than the stick – making it easy to make and receive electronic payments and providing encouragement, without forcing people immediately into new systems they do not understand, may not be able to access, and that may carry costs.

**11. Do not use stablecoins, crypt-assets, or any other uninsured method of disbursing funds.**

As discussed at greater length in other comments, stablecoins, crypto-assets, and any other form of uninsured funds should never be used as a method of making or receiving payments. Those

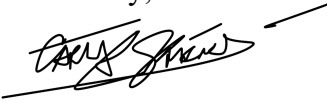
methods are not safe, are not trusted, will expose people to fraud, subject people to valuation fluctuations that can diminish funds, are not accessible to all, and can impose significant costs.

We also stress the importance of applying the protections of the Electronic Fund Transfer Act to all electronic payments to or from consumers.

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Thank you for the opportunity to submit these comments. If you have any questions, please contact Carla Sanchez-Adams at [casanchezadams@nclc.org](mailto:casanchezadams@nclc.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Carla Sanchez-Adams", with a long horizontal line extending to the right.

Carla Sanchez-Adams  
Senior Attorney  
National Consumer Law Center  
(on behalf of its low-income clients)