

Clearing the Air About Stimulus Funds and Direct Deposit

by Jane Larimer
President and CEO, Nacha

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As weeks turn to months and COVID-19 proves to be one of the most staggering challenges of our lifetime, Americans continue to persevere. On behalf of the entire ACH Network, Nacha is proud to play a role in that.

One thing that has been true from the start of the pandemic is that the modern ACH Network has been up to every single task it has been asked to perform. In fact, the ACH Network has done an outstanding job fulfilling its vital role as a part of the nation's economic lifeblood.

Think about it: An unprecedented 81 million stimulus payments were delivered in a single day, on time, exactly as the IRS instructed. That's the industrial strength of today's ACH Network.

As the number of jobless Americans soared, the ACH Network delivered—and continues to deliver—unemployment benefits in accordance with each state's instructions.

Direct Deposit is how stimulus and unemployment funds get into bank accounts. It's the same way most salary, wage, pension, dividend, and Social Security payments are handled, and for good reason. Direct Deposit is proven. It's fast, safe and efficient.

The federal government requires almost all Social Security recipients to use Direct Deposit. In August 2020, the Social Security Administration reported that of the more than 63.2 million payments it made in the 50 states and the District of Columbia, 99.1% were by Direct Deposit.

Yet as effective as Direct Deposit is, there's a chorus of voices insisting that the disbursement of stimulus funds was

too slow, and that justifies a new instant payments infrastructure. While there are other good reasons to support instant payments, here are the facts about the stimulus payments:

- Most of the processing time involved determining eligibility and collecting information about who should be paid and where to send the stimulus payment. The use of a particular payment method has no impact on the amount of time these steps take.
- The IRS picked April 15 as the "payday" to deposit stimulus money into individual accounts, and the ACH Network did just that. Tens of millions of Americans woke up to find they had the money. Had the government wanted to make the funds available earlier, it could have issued different instructions, and the ACH Network and financial institutions would have made it happen.
- A new instant payments infrastructure would also need a bank account in order to make a payment to a citizen, so that infrastructure would not eliminate the need to send checks to Americans without bank accounts. A person would need a bank account to receive an instant payment, just as you do to receive a Direct Deposit.

If there is another round of stimulus payments the ACH Network can—and will—handle it. It is more than up to the task. And it will be done in accordance with federal instructions, making sure the money appears in bank/credit union accounts first thing in the morning on the day of the government's choosing.

This pandemic isn't over, and the uncertainty can sometimes feel overwhelming. But you can count on this: Today's ACH Network is here to serve all Americans.



directdepositdelivers.org