

June 26, 2025

Via Electronic Submission

Department of the Treasury

Re: TREAS-DO-2025-0004

Dear Mr. Curtis and Ms. Esposito:

Nacha and our co-signing Payments Association members welcome the opportunity to provide comments on the Request for Information related to the Executive Order 14247, “Modernizing Payments To and From America’s Bank Account.”

Nacha and the ACH Network

Nacha governs the modern ACH Network, the electronic payment system that moves Direct Deposits and Direct Payments safely and quickly to accounts at all U.S. banks and credit unions. More than 33 billion ACH Network payments were made in 2024, moving a total of \$86.2 trillion. The U.S. Department of the Treasury (“Treasury”) and other federal agencies use the ACH Network for payroll and benefit payments; tax collections and refunds; assistance and emergency payments; Medicare and other health claim payments; grant disbursements; bill collections; contractor payments; and many other uses. In 2024, the Treasury originated more than 1.86 billion ACH payments, transferring over \$8.5 trillion.

The ACH Network is governed by the Nacha Operating Rules (“Nacha Rules”). Nacha represents nearly 9,000 financial institutions of all sizes and types throughout the United States, both directly and through 9 Payments Associations. Nacha appreciates our longstanding history of collaboration and communications with Treasury. Treasury is an active participant in the development process for the Nacha Rules.

Nacha Comments on the Request for Information

Nacha and our co-signing members strongly support the goals of the Executive Order – to eliminate the use of checks for both Federal disbursement and collections. The Order instructs the United States to transition federal disbursements to electronic payments. Beginning September 30, 2025, all federal payments that are currently made by paper check – including Social Security benefits, tax refunds, and vendor payments – will be made electronically, to the extent permitted by law.

Implementation of the order will save U.S. taxpayers millions of dollars. Issuing payments electronically will continue to reduce costs and improve efficiency across the federal government. The most recent estimate of the cost to the federal government of creating and sending a check is \$2.02 per check issued, versus 12 cents for an ACH credit.¹ If Treasury had dispersed ACH credits instead of the approximately 36 million checks distributed in 2024, the

¹ Embracing the Future of Government Payments — Federal and State Agencies Continue to Reduce Paper Checks, Page 10, AGA, September 2021

direct savings to the federal government would have been over \$68 million. Similarly, we would expect direct cost savings by eliminating the acceptance of checks for taxes and other purposes. Additional savings would be realized by retiring the physical infrastructure needed for disbursements and receipts.

The move to eliminate checks for disbursements depends more on policy decisions than changes to the payment system. The single most significant thing the Treasury can do is to minimize exceptions, including hardship exceptions, that result in the continued use of checks. The Treasury should pursue enabling legislation if necessary. With the widespread availability of online and mobile banking, digital payment apps, the Direct Express card, and BankOn-certified low-cost accounts, the condition of being unbanked in 2025 should not be considered a hardship to receive a Direct Deposit (which can be received by any of these methods) as it was in 1999 when the original electronic payment mandate would otherwise have gone into effect.

In fact, one benefit of electronic payments is the incentive they provide for voluntarily unbanked citizens to obtain bank accounts. The ability to receive government payments with certainty was cited in a 2021 FDIC survey reporting that unbanked levels in the United States were at their lowest rate since FDIC began tracking them in 2009. The FDIC stated, “The importance of quickly receiving income from Economic Impact Payments or other government relief programs created a unique bankable moment, and consumers benefited from enhanced online and mobile account opening technologies and the greater availability of safe and affordable bank accounts.”²

Despite the existing widespread adoption of Direct Deposit and the federal government’s extensive use of the ACH Network for disbursement of funds, more can be done to drive recipients to accept electronic payments rather than checks. For example, every financial institution can determine which of its account holders are depositing U.S. Treasury checks. These customers can be counseled on how to enroll for Direct Deposit, which is a preferred method of receiving a deposit for the financial institution. Second, Nacha’s www.DirectDeposit.org is an educational site that advocates for the benefits of Direct Deposit. Finally, the GoDirect™ campaign by the U.S. Treasury was a very successful program that concluded more than a decade ago. It should serve as a model to drive full adoption of electronic payments for receipt of government disbursements.

Regarding moving payers away from paper checks for government collections, every person, business or organization that writes a check to the government has a bank account, and every check written has all the information necessary to initiate an ACH debit. In fact, the IRS originates a large volume of ACH debits through its website, through the EFTPS program, and by allowing taxpayers to enter routing and account numbers on forms that accompany the 1040. Taxpayers that are still writing checks as a preference can be steered to one of these electronic payment authorization channels without significant hardship. Other agencies that accept checks can similarly steer payers to electronic payment options without significant hardship.

² [2021 FDIC National Survey of Unbanked and Underbanked Households - Executive Summary](#), page 10.

To facilitate enrollment for disbursement and collections, the Treasury could use banking information that already exists elsewhere within agencies (to the extent permitted by law, or also through enabling legislation). For example, a person might get a Social Security benefit payment by Direct Deposit but also choose to receive a tax refund by check. In this example, the Treasury could use the banking information available within Social Security to send the tax refund by Direct Deposit. In addition, banking information could be collected through an enrollment portal, as the IRS did for issuing Economic Impact Payments and Advance Child Tax Credits in 2020 and 2021. Enrollment and the provisioning of payment information also can be achieved through newer open banking technologies, by which a person could link their bank account so that payment information can be obtained directly from a person's financial institution without the person having to know or provide their account number and their bank's routing number. Such open banking arrangements are becoming common in the private sector.

Regarding fraud, the Association of Financial Professional's *Payments Fraud and Control Survey Report 2024*³ and other sources show that checks are the method of payment most exploited for fraud. While moving off checks would naturally reduce fraud by eliminating the most vulnerable payment channel, the federal government could further reduce fraud in other ways. For electronic payments, the Treasury could expand the use of account validation processes and services to confirm the accounts of recipients of government payments.

Additionally, Treasury should finalize its proposal of August 9, 2024, to eliminate the current exemption from the Nacha Rules regarding the effective dates of ACH credit payments. The exemption is what provides for Treasury to issue ACH credits with effective dates 3 and 4 banking days into the future. Shortening the timeframe between payment issuance and settlement will improve Treasury's ability to identify payments that should not be made (improper payments), including those that are due to fraudulent claims.

Finally, Treasury should adopt and promote the use of secure electronic channels, such as the Federal Reserve's Exception Resolution Service and Nacha's Risk Management Portal, for the safe and efficient resolution of occasional errors that arise in payment processing. This will add impetus for moving payment network participants away from inefficient and unsecure paper- and fax-based processes as they move away from paper checks.

In addition to the measures described above, Treasury also can adopt alternative and faster payment options in specific use cases, such as for disaster assistance in which a recipient would prefer to receive funds by one of these options instead of by check.

³ <https://www.afponline.org/training-resources/resources/survey-research-economic-data/Details/payments-fraud>

Nacha appreciates the opportunity to provide comments on the RFI. If you have any questions regarding our comments, please do not hesitate to call me at 703-561-1100.

Sincerely,

/s/

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