



January 29, 2020

Via Electronic Submission

The Honorable Stephen Lynch
Chairman
Task Force on Financial Technology
2109 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Emmer
Ranking Member
Task Force on Financial Technology
1315 Cannon House Office Building
Washington, DC 20515

Re: Task Force on Financial Technology Hearing, “Is Cash Still King? Reviewing the Rise of Mobile Payments”

Dear Chairman Lynch:

Nacha appreciates the Financial Technology Task Force’s efforts to engage the payments industry in a dialogue on how Americans make and receive payments. Nacha welcomes the opportunity to submit a Statement for the Record to the Task Force in preparation for the Hearing: “Is Cash Still King? Reviewing the Rise of Mobile Payments.”

The Modern ACH Network

Nacha is the steward of the modern ACH Network, an electronic payment system that universally connects all U.S. bank accounts. The ACH Network serves as a secure, reliable and ubiquitous network for consumer, business and government electronic payments. In 2019, the ACH Network processed 24.7 billion transactions totaling \$55.8 trillion in value. The use of the ACH Network has grown by more than 1 billion payments each year for the past five years. The Federal Government is one of the largest users of the ACH Network, making use of its capabilities and efficiencies for 1) the Direct Deposit of salaries and retirement benefits; Social Security, veterans and other benefit payments; and tax refunds; 2) the collection of much of the Federal Government’s revenue through the remittance and collection of tax payments; and 3) the payment of government vendors and contractors.

In 2016, Nacha and the two ACH Network operators – the Federal Reserve and The Clearing House – introduced Same Day ACH for faster processing and funds availability for ACH payments. Since its inception, the ACH Network has moved more than 500 million Same Day ACH payments; and in 2019, Same Day ACH saw 250 million payments and \$247 billion in value.

Nacha Comments on Direct Deposit

A. A Misconception about Paychecks and Direct Deposit

There has been concern expressed that workers still getting paid by paper check don't have quick access to their funds, which can impact those living payday-to-payday. While paper paychecks are inefficient and should be replaced, most workers do not get paid with a paper paycheck anymore.

Direct Deposit via the ACH Network is the way in which nearly 93 percent of Americans get paid, according to a 2018 American Payroll Association survey. It's faster, safer and more reliable than a paper check, and can reach every bank account. Most importantly, by using Direct Deposit, workers get the money in their accounts at the opening of business on payday, without having to wait for a paycheck to clear. For example, an employee with a payday on Friday, January 31, 2020, using Direct Deposit will have their funds available for withdrawal or to cover payments at the start of that day, before the weekend.

For employees without set paydays, the ACH Network now enables faster processing of Direct Deposits with Same Day ACH. In the example above, the employee can still get access to money in his or her account by 5:00 p.m. via a Same Day ACH Direct Deposit, before the start of the weekend. Direct Deposits and other disbursements to consumers are the largest and fastest growing category of Same Day ACH payments. In 2019, the use of Same Day ACH for payroll and other Direct Deposits to consumers increased by 117 percent over 2018, demonstrating that there are real benefits to getting people money faster compared to a paper paycheck.

We have attached several fact sheets and a letter from banking trades that may help in hearing preparation and supporting the facts and benefits of Direct Deposit.

Nacha appreciates the opportunity to provide a Statement for the Record. If you have any questions regarding our comments, please do not hesitate to contact Nacha.

Sincerely,



Jane E. Larimer
President & CEO

cc: The Honorable Maxine Waters – Chairwoman, U.S. House Committee on Financial Services
The Honorable Patrick McHenry – Ranking Member, U.S. House Committee on Financial Services