



JAMES D. MACPHEE
Chairman
SALVATORE MARRANCA
Chairman-Elect
JEFFREY L. GERHART
Vice Chairman
JACK A. HARTINGS
Treasurer
WAYNE A. COTTLE
Secretary
R. MICHAEL MENZIES SR.
Immediate Past Chairman

CAMDEN R. FINE
President and CEO

August 16, 2010

Mr. Walt Henderson
Director, EFT Strategy Division
Department of the Treasury, Financial Management Service
401 14th Street SW, Room 303
Washington, DC 20227

Submitted via e-mail

Re: 31 CFR Part 208, Docket FISCAL-FMS-2009-003

Dear Mr. Henderson:

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on a proposed rule by the Department of the Treasury ("Treasury"), Financial Management Service ("FMS") amending its regulation to require individuals to receive Federal nontax payments by electronic funds transfer ("EFT").

Background

Part 208 of title 31, Code of Federal Regulations (Part 208), implements the requirements of 31 U.S.C. 3332. Part 208 currently sets forth requirements for accounts to which Federal payments -- including, but not limited to, Federal wage, salary, and retirement payments; vendor and expense reimbursement payments; benefit payments -- may be sent by EFT. Direct deposit is the primary method that the Federal Government uses to make EFT payments. In 2009 the Treasury sent more than 80% of its payments via EFT, mainly by direct deposit. The remaining payments were made by paper check, which generates additional taxpayer expense

¹ The Independent Community Bankers of America represents nearly 5,000 community financial institutions of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community financial institutions compete in an ever-changing marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing over 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

and is less convenient for the recipient. In 2008, Treasury implemented a program in which Social Security and SSI benefit recipients without bank account can elect to receive their payments to a Direct Express prepaid MasterCard card account.

The proposed rule would require individuals to receive Federal nontax payments by EFT, effective March 1, 2011. However, individuals receiving Federal payments by check on March 1, 2011 could continue to do so through February 28, 2013. In addition, individuals who file claims for Federal benefits before March 1, 2011, and who request check payments when they file, would be permitted to receive payments by check through February 28, 2013. Individuals who file claims for benefits on or after March 1, 2011, would receive their payments by direct deposit to either their bank account or their Direct Express prepaid card. The Treasury seeks comments about examples of exceptional circumstances where specific types of individual EFT waivers could be needed, even with the availability of the Direct Express card for Federal benefit recipients.

ICBA applauds the Treasury for this rule. For most payment recipients, direct deposit is safer, easier and more convenient than paper checks; which translates into lower cost for the Treasury than payments by check. Direct deposits are credited to recipients' accounts on the day payment is due, so their financial institution can make the funds available sooner than with checks. Additionally, individuals receiving Federal payments electronically rarely have any delays or problems with their payments.

ICBA urges the Treasury not to include individual waivers in the final rule. With the introduction of the Direct Express card for unbanked customers, there are no exceptional circumstances that would necessitate an individual EFT waiver.

Again, ICBA appreciates the opportunity to comment on this proposed clarification. If you have any questions or would like additional information, please contact the undersigned by telephone at (202) 659-8111 or by e-mail at cary.whaley@icba.org.

Sincerely,

/s/

Cary Whaley

Vice President, Payments & Technology Policy