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June 30, 2025

Tyler Curtis
Director, Office of Consumer Policy
U.S. Department of the Treasury
Washington, D.C. 20220

Re: Request for Information related to the Executive Order 14247, "Modernizing Payments To and From America's Bank Account" (Docket ID TREAS-DO-2025-0004)

Dear Mr. Curtis:

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity respond to the U.S. Department of the Treasury's (Treasury) request for information (RFI) on the President's executive order on "Modernizing Payments To and From America's Bank Account" (Executive Order).

The Request for Information

The Executive Order requires the Treasury to transition from paper checks to electronic payments for all federal disbursements and receipts - to the extent permitted by law - by September 30, 2025.[2] The Executive Order notes that the use of checks imposes unnecessary costs and raises the risks of fraud, lost payments, theft, and inefficiencies.

The RFI requests information and recommendations on implementing the Executive Order. It asks specific questions about paper check usage for government collections and disbursements, public awareness and stakeholder outreach, and preferred electronic funds transfer (EFT) methods.

ICBA Comments

ICBA and the nation's community banks applaud the administration for working to combat the threat of check fraud by addressing Treasury's use of paper checks. Community banks and

[1] The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation. As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams.
[2] Exec. Order No. 14247, 90 FR 14001 (March 28, 2025).

866-843-4222
icba.org
1615 L Street NW
Suite 900
Washington, DC 20036
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

their customers continue to be challenged by surging fraud and scams across payment types. Most significantly, check fraud has emerged over the past several years as a leading concern. Mail theft, increasingly sophisticated mechanisms for altering paper checks and check images, and coordination problems among financial institutions have led to mounting losses for community banks.

Community banks and their customers are generally ready to receive electronic payments, but a small number of customers still rely on checks, especially to send payments, because of infrastructure limitations. Treasury should focus on existing, widely used, and safe payment mechanisms, including ACH, instant payments, wire, and debit cards.

ICBA and community banks look forward to partnering with Treasury to make sure customers are aware of the change and appropriately accommodated in the rare cases where electronic access is limited.

Paper Check Usage for Government Collections and Disbursements

1. What are some of the factors causing individuals and organizations to continue to use paper checks to receive or make payments to the Federal Government?

   Many consumers continue to use paper checks because it is a familiar payments mechanism that they have become comfortable with over many years. Similarly, small businesses sometimes rely on paper-based recordkeeping rooted in long-established processes.

   For a small number of community bank customers, paper check use is a matter of necessity. For these customers, electronic access to payments and other bank resources comes with a real burden. Some rural communities, for instance, do not have widely deployed high-speed internet access; in those cases, electronic transactions could require a trip to a public library or other location and impose a cost.

2. What barriers exist for transitioning individuals and organizations to electronic funds transfer (EFT) options?

   Several key barriers prevent individuals and organizations from transitioning to electronic payments. For individual consumers, the primary obstacle is often limited access to high-speed internet, which is essential for electronic banking services, but unavailable in many rural locations serviced by community banks. Additionally, many people lack awareness of the benefits of electronic payments.

   For business, the barriers are often structural. Many businesses, especially small businesses, have established processes built around paper checks that work with

analog billing and accounting systems, bypassing the need for special software and internet access. These paper-based workflows can be efficient and cost effective for smaller operations.

Trust and relationship factors also play a significant role in resistance to EFT adoption. Many customers, especially community bank customers, prefer face-to-face banking relationships along with the tangible nature of traditional payment methods. Generational differences in comfort with digital technology create additional hesitation, as older consumers and business owners may favor familiar processes and are hesitant to try something new when a benefit is not readily apparent.

Public Awareness Campaign and Stakeholder Outreach

1. What information should a public awareness campaign include and what support or tools are needed to help people transition from using paper checks to EFT options for Federal payments?

   A public awareness campaign should focus on positive messaging that highlights the security, convenience, and reliability benefits of electronic payments. The campaign should emphasize how EFT payments provide recipients with faster access to funds, protection against loss or theft, and the assurance that payments will reach their accounts even during personal emergencies or natural disasters. Messaging could focus on personal benefits detailing how electronic payments eliminate the worry of lost checks, provide immediate access to funds, and offer peace of mind during emergencies when physical mail might be disrupted.

   A campaign strategy must recognize that check recipients fall into distinct categories requiring different approaches. According to Federal Reserve research, approximately 1% of the population is unbanked but wants access to banking services.[3] This should emphasize the value of a bank account and how recipients can find a local bank. However, about 3.5% of traditionally unbanked individuals actively choose to remain outside the banking system in what the Federal Reserve terms the "out of banking population." Instead, the government should focus on providing reasonable accommodations while ensuring these individuals understand their options.

   Government procedures should establish that electronic payments are the standard method, with reasonable accommodations for those who genuinely cannot access banking services. However, paper checks should not remain as a default fallback option that perpetuates inefficient payment methods. The policy framework should

[3] Falcettoni, Elena, and Vegard Mokleiv Nygaard (2025). "Refining the Definition of the Unbanked," Finance and Economics Discussion Series 2025-033. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2025.033.

acknowledge that some recipients actively choose not to engage with electronic payment systems while still ensuring that efficient payment delivery remains the government's operational standard.

2. As Treasury coordinates with other Federal Government agencies on this public awareness campaign, what are the most effective communication channels for Federal agencies to reach program participants and other payees? Are there external entities or organizations in the private or nonprofit sectors that Federal agencies should partner with to increase awareness among beneficiaries and payees?

   Community banks are an effective channel for reaching their customers and community members, including those that are hard to reach using electronic mechanisms. Community banks know their customers and maintain active, face-to-face relationships with the community. They appreciate having paper flyers that can be handed to consumers when they arrive in person to deposit checks, allowing consumers to read the information at their own pace and take materials home as reminders.

   Beyond community banks, Federal agencies should utilize multiple communication channels to reach diverse populations. Direct mail campaigns to current check recipients provide targeted outreach, while agency websites and online portals can offer detailed information and enrollment tools. Social Security Administration field offices, Veterans Affairs medical centers, and other federal service locations where beneficiaries already visit represent natural touchpoints for education and enrollment assistance.

   Partnership opportunities extend across numerous sectors. Nonprofit organizations and community action agencies have established networks reaching vulnerable populations. Faith-based organizations, senior centers, and disability advocacy groups can help reach specific demographic segments. Additionally, partnerships with financial counseling organizations and Community Development Financial Institutions (CDFIs) can provide both awareness and practical assistance with account opening and EFT enrollment.

   State and local government agencies that administer related programs can also serve as communication partners, leveraging existing relationships with beneficiaries. Libraries and community centers in underserved areas often serve as information hubs and could host educational sessions or provide materials. The key is developing a multi-channel approach that meets people where they are and through trusted sources they already rely on for information and services.

3. What are the best communication channels for the Federal Government to gather information from individuals who currently rely on paper checks?

The government should leverage existing data analytics capabilities to systematically gather information from individuals who currently rely on paper checks rather than conducting broad population surveys. The issuing and clearing of paper checks provides a robust data trail that can inform targeted outreach strategies.

On the issuing side, each federal agency should analyze their check distribution patterns to identify commonalities among recipients who have not transitioned to electronic payments. This analysis might reveal gaps in enrollment processes for specific channels, geographic regions, or demographic groups. For agencies providing ongoing recipient benefits, data analytics could uncover whether certain enrollment pathways or service delivery locations correlate with higher paper check usage. Since the Federal Reserve estimates that only 1% of the population is unbanked, attempting to sample such a small population segment through traditional survey methods would be inefficient and potentially inaccurate.

On the deposit side, analyzing where recipients cash or deposit their government checks can inform partnership and outreach strategies. If data reveals that recipients are disproportionately using community banks for check deposits, this indicates an opportunity for targeted partnerships. ICBA and our member banks are eager to engage in awareness campaigns and can serve as trusted intermediaries for gathering recipient feedback and facilitating EFT enrollment.

Beyond transaction data analysis, the government should establish direct communication channels with current check recipients. This could include brief surveys included with check mailings, dedicated phone lines for feedback, and focus groups conducted through existing federal service touchpoints like Social Security offices or Veterans Affairs centers. Additionally, partnerships with community organizations that serve populations with higher check usage rates can provide valuable insights into barriers and preferences that data alone might not reveal.

4. How should Federal agencies inform the public about different EFT payment options when they choose how to make government payments?

   Federal agencies should provide clear, comprehensive information about EFT payment options using standardized formats that allow recipients to easily understand their choices. When presenting payment options, agencies should explain the benefits of each method, including processing times, security features, and convenience factors. Information should be presented consistently across all federal agencies to avoid confusion and ensure recipients receive the same quality of guidance regardless of which agency they interact with.

Agencies must also emphasize security and fraud prevention in their communications about payment options. As payment-related scams increase, public education should clearly state that federal agencies will never send unsolicited text messages or emails with payment links. Official communication channels and legitimate websites for making payments and enrolling in benefits should be prominently featured in all materials. This information should be consistently reinforced across all federal agencies to help recipients identify authentic government communications and avoid fraudulent schemes.

Additionally, agencies should provide clear guidance on where and how to access different payment options, including partnerships with trusted financial institutions and community organizations that can assist with enrollment and account setup for recipients who need support transitioning to electronic payment methods. Educational materials should be available in multiple languages and accessible formats to serve diverse populations effectively.

Preferred EFT Methods

1. Which electronic payment methods are typically used to make or receive payments by the general public, unbanked individuals, and individuals who rely on paper checks from the Federal Government? Why do individuals choose these payment methods?

   The vast majority of individuals receive electronic payments from the Federal Government for routine or ongoing payments, such as Social Security benefits. Efforts to educate the public about the benefits of receiving payments electronically started in the late 1990s and continue to this day. Most electronic payments are sent through the ACH network directly to recipients' accounts. Direct Express prepaid debit cards provide an electronic option for recipients who do not have bank accounts or otherwise do not want direct deposit to a bank account.

   Decisions on payment delivery are made based on convenience, inertia, and necessity. Obviously, receiving payment by ACH to one's bank account is the most convenient and secure method, as payments are delivered directly through a secure payment network. Individuals with bank accounts should be required to receive payments via ACH.

   Individuals who receive payments by check either do not have an account at a bank or other financial institution, or in some cases find the process of signing up for direct deposit too complex. Bank branches and call centers are available to help with paperwork. This is an area where a public awareness campaign can help reach recipients.

There will always be people who do not have bank accounts for various reasons, including by choice. For these people, prepaid debit cards offer the best solution. Continuing with the current program and ensuring that the cards offered have enough features to allow recipients to use their funds effectively is essential.

2. What EFT options, including those listed in the E.O., do you think the Federal Government should offer for incoming and outgoing payments, and why?

   The federal government should offer ACH, instant payments, wire, and debit card options for incoming and outgoing payments. These are time-tested, widely implemented payment mechanisms that are familiar to both consumers and small businesses. ACH provides cost-effective processing for routine transactions, instant payments enable urgent disbursements and collections, wire transfers serve large-value business transactions, and debit cards ensure accessibility for unbanked recipients. This comprehensive approach balances efficiency, security, and inclusivity while leveraging existing payment infrastructure.

   a. What are some potential risks or considerations related to offering certain EFT methods that Treasury should be aware of?

      The Treasury has extensive experience with EFT payments and has clearly vetted the risk over the long term and presents little of the fraud risk associated with checks in transit. Instant payments and wires are near instant and lack the ability to reverse or rescind a payment when a payment is sent in error, which could be due to fraud. We suggest incorporating instant payments when faster disbursement is needed.

   b. Are there administrative, regulatory, or statutory barriers related to offering certain types of EFT methods?

      ACH, wire, and traditional card payments operate under well-established regulatory frameworks that financial institutions understand. However, some administrative and regulatory considerations could create implementation challenges: compliance costs for newer payment methods, varying AML/KYC requirements across payment types, and Treasury's specific statutory authorities governing payment operations. While these do not represent insurmountable barriers, they would require careful planning and potentially regulatory guidance for optimal implementation.

   c. How can the government prevent fraud and make payments securely using these EFT options?

      The federal government should implement layered security controls similar to private-sector best practices. While EFT payments are far more secure than paper

checks, they still face non-network risks including unauthorized account changes, payment redirection, and identity theft. Key protective measures should include multi-factor authentication for enrollment and account modifications, real-time transaction monitoring, regular recipient verification, secure communication channels for sensitive information, and robust identity verification during signup. The government should also educate recipients about common fraud schemes and provide clear processes for reporting suspicious activity.

4. Are there additional financial products or services available to facilitate EFT methods of payment not listed in the E.O. that the public should be aware of?

   EFT payments via ACH and debit cards should remain the primary payment methods, as they provide proven security and accessibility for most recipients. While additional payment options like digital wallets or alternative financial services exist, they often create barriers for users who lack smartphones or reliable internet access. Rather than expanding payment options, the government should focus on improving financial inclusion through partnerships with community banks and organizations to help unbanked Americans access traditional banking services, while ensuring current debit card programs have robust features for those who need them.

General Comments Related to the E.O. "Modernizing Payments To and From America's Bank Account"

1. Are there any other issues related to the implementation of this E.O. that you would like to raise?

   With community bankers using their relationship-based banking model to help consumers defend against the rise in check fraud and other scams, ICBA is available to work with the Treasury Department as it transitions away from paper checks to ensure more secure payments. ICBA is currently partnering with the U.S. Postal Inspection Service to combat check fraud by offering community banks in-branch educational materials with step-by-step instructions to help consumers safeguard their financial assets. Meanwhile, we continue to support the growth of instant payments options like the FedNow Service, which allow for efficient payments and immediate funds settlement while mitigating risks to the financial system.

ICBA looks forward to continuing the conversation with policymakers on countering the rise in check fraud and ensuring a more secure payment system for U.S. consumers. Should you wish to discuss our positions in further detail, please contact Lance Noggle at lance.noggle@icba.org and Scott Anchin at scott.anchin@icba.org.

Sincerely,

/s/

Lance Noggle
Senior Vice President and Regulatory Counsel, Operations
Independent Community Bankers of America

/s/

Scott Anchin
Senior Vice President, Strategic Initiatives and Policy
Independent Community Bankers of America