



Payment Cards Center Conference Philadelphia Federal Reserve Bank

July 11 & 12, 2011

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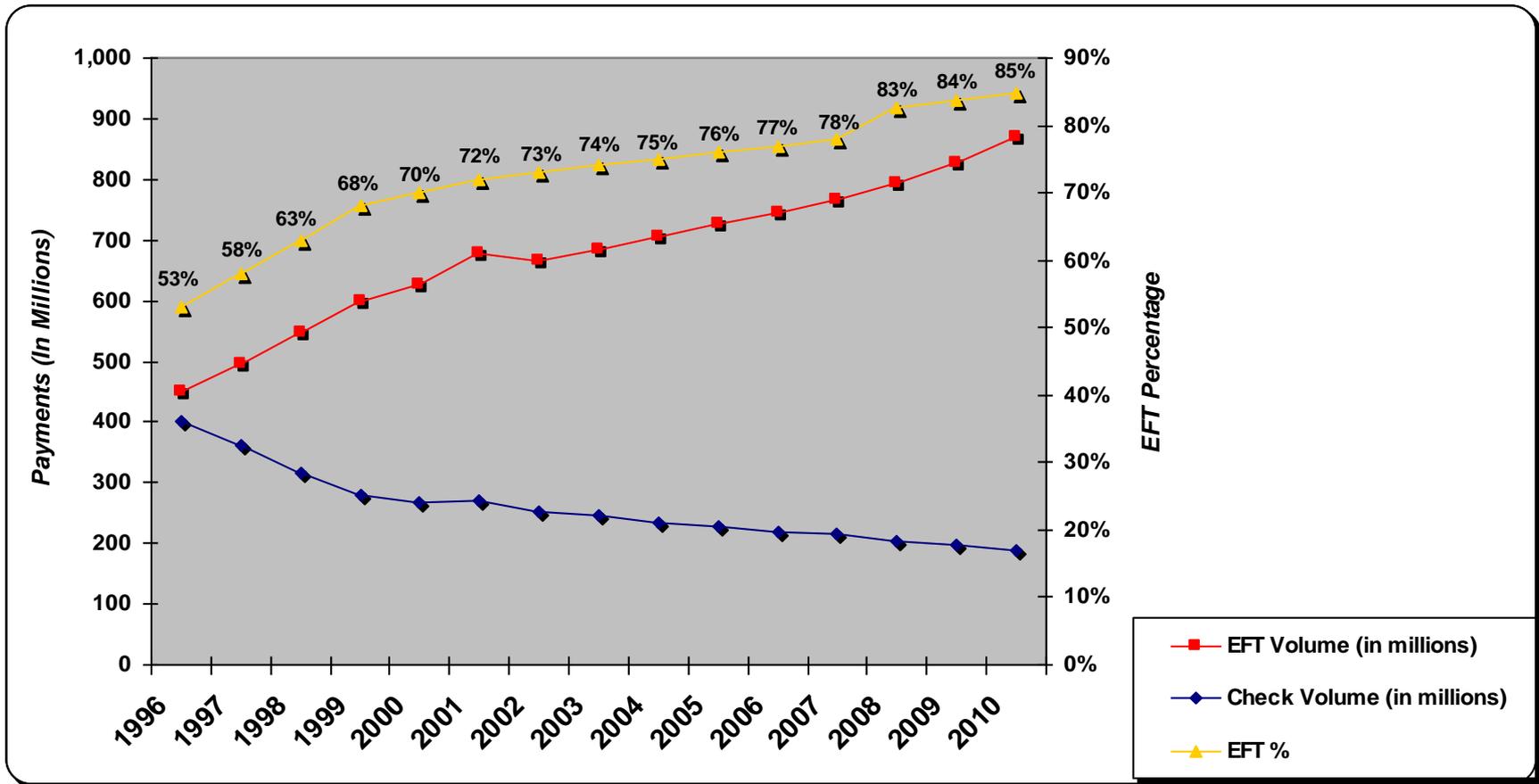
FY 2010 Treasury Payments

Type of Payment	Number	Dollar Value
FEDERAL BENEFIT	835 million	\$780 billion
SALARY	56 million	\$60 billion
TAX REFUND	121 million	\$359 billion
VENDOR	16 million	\$280 billion
MISCELLANEOUS	30 million	\$1.3 trillion*

*Includes payments from the Automated Standard Application for Payments (ASAP) system

Move to Electronic Payments a Long Term Goal since the mid – 1970s

- Save almost \$1 when payment is made by EFT
- Better service
- Less risk





EFT Regulation

- On December 22, 2010, Treasury issued a regulation requiring that all non-tax payments be made electronically
- **May 1, 2011:** All new enrollees for federal benefit payments must receive payments by EFT
- **March 1, 2013:** Everyone currently receiving check payments must switch to Direct Deposit or Direct Express®
- Limited Exceptions
 - Anyone 90 or older
 - Mental impairment (but should have a representative payee)
 - Very remote geographic areas lacking infrastructure to support EFT



Three Factors Leading to All-Electronic Initiative

1. Direct Express[®] Debit MasterCard[®]
 - Prepaid debit card (issued by Comerica Bank through MasterCard[®])
 - Very low fees
 - Consumer protections
2. Protection from Garnishment
 - Regulation implementing law
 - Federal benefit payments protected
 - Financial institutions provided garnishment order procedures
3. Stakeholders
 - Individuals
 - Treasury and OMB
 - Benefit paying agencies
 - Congress
 - Consumer groups



July 2011: A Snap Shot

- Checks
 - 122 million benefit payments per year
 - 10 million individuals to convert to EFT by March 2013
- Direct Deposit Benefit
 - 87% made by Direct Deposit (May 2011)
 - 62.3 million Direct Deposit payments (May 2011)
- Direct Express[®] card
 - 2 million enrollments
 - \$500 million per month
 - Growth of 70,000 cards per month over the last six months

March 2013 Projections

- Direct Deposit
 - 1.004 billion

- Direct Express
 - 4 million

Going Forward

- Direct Express[®]
 - Operational workload
 - Consumer education
- Mobile Payments
 - Potential pilot
- Tax Refunds