Payment Cards Center Conference
Philadelphia Federal Reserve Bank
July 11 & 12, 2011

Richard L. Gregg
Fiscal Assistant Secretary
Department of the Treasury
## FY 2010 Treasury Payments

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Number</th>
<th>Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEDERAL BENEFIT</td>
<td>835 million</td>
<td>$780 billion</td>
</tr>
<tr>
<td>SALARY</td>
<td>56 million</td>
<td>$60 billion</td>
</tr>
<tr>
<td>TAX REFUND</td>
<td>121 million</td>
<td>$359 billion</td>
</tr>
<tr>
<td>VENDOR</td>
<td>16 million</td>
<td>$280 billion</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>30 million</td>
<td>$1.3 trillion*</td>
</tr>
</tbody>
</table>

*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