



Innovative Payments Association

777 6th Street, 11th Floor

Washington, DC 20001

202.548.7200

June 11, 2020

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

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

Dear Chairman Lynch and Ranking Member Emmer:

This letter is submitted to the to the House Task Force on Financial Technology (the “Task Force”) in relation to its June 11, 2020, hearing entitled, “*Inclusive Banking During a Pandemic: Using FedAccounts and Digital Tools to Improve Delivery of Stimulus Payments.*” on behalf of the Innovative Payments Association.¹ The IPA appreciates the opportunity to share its comments with the Task Force regarding the prepaid industry’s response to the COVID-19 pandemic, the industry’s ongoing efforts to promote financial inclusion, and the benefits and protections that prepaid accounts offer consumers, governments, and businesses alike.

The IPA acknowledges that this hearing is taking place during a very difficult time for millions of Americans, especially those directly impacted by the COVID-19 pandemic. In response to the national emergency created by COVID-19, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide direct financial support to individuals and small businesses. Notably, Congress authorized direct relief payments, called Economic Impact Payments (EIP), to individuals —up to \$1,200 for individuals and \$2,400 for married couples, plus an additional \$500 per child subject to income limitations. As a result of actions taken by Congress and the President, federal agencies mobilized to provide solutions to help Americans through this crisis. The IPA appreciates and applauds the positive actions taken by the Congress, the Department of the Treasury (Treasury), the Internal Revenue Service (IRS), the Consumer Financial Protection Bureau (CFPB), and others to ensure that EIP made into the hands of Americans quickly, securely, and conveniently. Moreover, the IPA commends the unsung heroes who work at Treasury, the IRS, and the Bureau of Fiscal Service (BFS) for accepting the seemingly impossible and unprecedented challenge of distributing nearly \$250 billion Economic Impact Payments (EIP) authorized by the CARES Act in less than two

¹ The IPA is a trade organization that serves as the leading voice of the electronic payments sector, including prepaid products, mobile wallets, and person-to-person (P2P) technology for consumers, businesses and governments at all levels. The IPA’s goal is to encourage efficient use of electronic payments, cultivate financial inclusion through educating and empowering consumers, represent the industry before legislative and regulatory bodies, and provide thought leadership. The comments made in this letter do not necessarily represent the position of all members of the IPA.



months.

We note that prepaid accounts serve a crucial function in disbursing financial payments and government benefits. Recognition of the important role that can be played by prepaid accounts in making such disbursements efficiently during this critical time is evidenced in the myriad letters written to the U.S Department of Treasury and Internal Revenue Service by Congressional representatives, urging these agencies to utilize prepaid accounts for the disbursement of economic relief payments. Copies of these congressional letters are attached hereto for your reference as Exhibit A.

The IPA believes that the importance of prepaid account products during the COVID-19 crisis underscores the significant consumer benefits offered by these products and services more generally. In April, the CFPB publicly encouraged the use of prepaid cards to disburse EIPs, stating prepaid accounts are faster, more secure, more convenient, and less expensive than paper checks. On top of having the backing of the government's top consumer finance watchdog, the Chairman of the House Financial Services Committee Subcommittee on Consumer Protection and Financial Institutions, U.S. Representative [Greg Meeks](#) authored a bipartisan letter supporting the use of prepaid products to distribute EIPs.

Given the positive support of prepaid products outlined above, the recent [announcement](#) by the U.S. Department of the Treasury that the IRS intends to distribute nearly 4 million Economic Impact Payments (EIPs) by prepaid card is further acknowledgment that prepaid cards are an indispensable tool in help Americans during the current national crisis. In fact, U.S. Treasury Secretary Steve [Mnuchin](#) told the President in a cabinet meeting that "we [Treasury] think [prepaid] debit cards are a safe and secure way of delivering refunds." Several states also use prepaid cards to distribute unemployment benefits.

The use of prepaid accounts for the disbursement of government benefits has increased in popularity and use over the past several years as state and federal governments move consumers away from paper checks in order to reduce fraud, save money, and improve the overall customer experience in receiving benefits. The Federal Reserve regularly reports to Congress on the use of prepaid accounts for distributing government benefits. The first sentence in their September 2019 report ([Report to the Congress on Government-Administered, General-Use Prepaid Cards - September 2019](#)) explains why governments do this:

Federal, state, and local government offices use prepaid cards to disburse funds at a lower cost than checks (or other paper-based payment instruments such as vouchers or coupons) and to provide an alternative to direct deposit for payment recipients, especially those recipients who do not have a bank.

In 2011, then U.S. Treasury Secretary Rosie Rios estimated the cost of issuing paper checks



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to be 92 cents higher than the cost of direct deposits. Further, the U.S. Treasury Department estimated federal beneficiaries to be 125 times more likely to have difficulties with paper checks versus electronic payments and an added taxpayer price tag of \$120 million for paper checks that would only increase as more baby boomers retire. The federal government disbursed \$137 billion in benefits, including Social Security, veterans' benefits, and child support, using prepaid cards in 2018.

They are not alone. Every state in the Union uses prepaid cards to distribute benefits such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Family (TANF) benefits, Social Security and unemployment insurance to their citizens. In doing so, they save taxpayer dollars, administrative time, and bureaucratic troubles over paper check payments. When it comes to unemployment insurance specifically, the IPA would like to note the success of state unemployment insurance prepaid programs. With an estimated 42 million unemployment claims filed since the beginning of the COVID-19 crisis, prepaid providers worked hard with their partners at state agencies to quickly scale up their programs to handle the increased number of support payments.

As discussed above, the move away from checks benefits not only taxpayers, but the benefit recipients as well. Checks present a variety of challenges that often put a great deal of friction in between a recipient and their money. This is especially true for unbanked individuals. For instance, checks create undue burdens on unbanked individuals because the recipient has to find a location to cash their check which can be difficult during the current national emergency since many bank branches are simply not open due to COVID-19. In addition, many banks won't cash a check if the recipient doesn't have an account at that particular bank. Lastly, checks also have no protections. If a check is stolen all of the funds associated with that check will be unrecoverable. Alternatively, prepaid cards offer Regulation E protections, which fully protects a card holders' funds in the event of fraud or unauthorized use.

The IPA and its members have long championed efforts to provide greater access to banking services to the unbanked and underbanked. For over a decade, the prepaid account products offered by our members have been an invaluable tool used by a number of types of organizations (e.g., state and federal governments, universities and corporations) to make a wide variety of payments (e.g., government benefits, payroll, healthcare reimbursements, transit reimbursements, disaster relief, rebates and incentives, insurance claim payments, student loan disbursements, and corporate expense reimbursement) to unbanked and underbanked individuals. These cost effective products save millions of dollars each year in disbursement costs compared to checks and provide unbanked and underbanked consumers a convenient and economical substitute for a traditional bank account.

In addition to being cost effective and convenient, prepaid accounts in their many forms (cards, mobile wallets, etc.) also offer unbanked and underbanked consumers strong consumer protections, as many prepaid account products are strictly governed by the CFPB's own prepaid



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account rule (the “Prepaid Rule”), which Christina Tetreault, senior staff attorney for Consumers Union, described as a rule that is “strong and will protect consumers from hidden fees and losing their money to fraud and mistakes.” Given the value and convenience offered by prepaid accounts paired with the strong consumer protections applicable to them it is no surprise that in its most recent Consumer Response Annual Report the CFPB noted that only 0.8% of all consumer complaints received by the CFPB involved prepaid account products. In fact, the benefits afforded by prepaid accounts have been cited by a number of regulators, legislators, and financial services stakeholders in a variety of publications, a sample of which has been attached hereto as Exhibit B for your convenience.

As technology has developed, so has the evolution of payments. As the original fintech payment product, consumers turned to traditional plastic prepaid cards, but now, Silicon Valley companies and others have taken this technology and created new products based on a prepaid platform such as mobile wallets (ex: PayPal, Google Pay, Apple Pay, etc.) which are now increasingly the new normal. However, it is important to keep in mind that the critical elements of privacy, safety and convenience, however, have remained steady over time.

Looking ahead, it is clear that the future of the American wallet will continue to rely on prepaid structures. In fact, almost every payments innovation over the past decade has borrowed from or been built on top of a prepaid platform. In a rapidly changing world, finance and technology are nearly synonymous, and the emergence of “fintech” as its own industry category is proof. Most emerging business models in the space are not new. Instead, the modern consumer is technologically savvy and values convenience above all else. As a result, fintechs offer products that meet these needs through mobile wallets and P2P services by leveraging existing prepaid technology.

Finally, the IPA recognizes that Congress may decide that another round of direct relief payments to individuals is appropriate at a future date. If that does occur, the prepaid industry stands ready to ensure that relief payments make into the hands of Americans quickly, securely, and conveniently. The record is now clear – when the federal, state, and local governments need a tool that will help them deliver payments to millions of Americans in a safe, reliable, and efficient manner, we know which product is at the top of their list – prepaid accounts.

In closing, the IPA appreciates the opportunity to submit this statement for the record. If you have any questions or concerns, please do not hesitate to contact me at btate@ipa.org.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Tate", is written over a horizontal line.



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Brian C. Tate
President & CEO
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EXHIBIT A

Congressional Letters to Federal Agencies in Support of Prepaid Accounts

[See Attached]

EXHIBIT B STAKEHOLDER STATEMENTS ON PREPAID ACCOUNTS

- CFPB [Press Release](#) announcing Interpretive Rule on Compulsory Use for Pandemic Payments:
 - “...the disbursement of funds via alternative means, such as a newly-issued prepaid account, may be faster, more secure, more convenient, and less expensive—for both the government agency and the consumer—than making disbursements through other methods such as paper check.”
- Lauren Saunders of the National Consumer Law Center in a [NPR article](#) on EIP and debt collectors:
 - “Lauren Saunders, with the nonprofit National Consumer Law Center, is hoping the system will soon have multiple options to receive the money. “Hopefully they can set up direct deposit to a traditional bank account or to a prepaid account,” she says. So the government could load the money onto a type of debit card that doesn’t require you to have a bank account.”
- Christina Tetreault of Consumers Union [from [IPA op-ed](#) in Bloomberg]
 - “Christina Tetreault, senior staff attorney for Consumers Union, said “The rule [is] strong and will protect consumers from hidden fees and losing their money to fraud and mistakes.” The most recent CFBP Consumer Response Annual Report found that only 0.8% of all complaints were about prepaid accounts.”
- Financial Health Network:
 - [Prepaid Card Page](#): “Called prepaid debit or general purpose reloadable (GPR) cards, prepaid cards represent an important opportunity for underserved consumers by filling a longstanding need for those operating between traditional checking or savings accounts and the cash economy.”
 - [2016 Prepaid Scorecard](#):
 - “Prepaid cards – specifically, general-purpose reloadable (GPR) cards – are versatile financial tools that provide consumers with valuable access to the financial system. When designed well, prepaid cards can help people build financial health by allowing them to spend wisely, save, and plan for the future.”
 - “Prepaid cards are generally high-quality products that allow consumers to build financial health by helping them spend wisely, save, and plan for the future.”
- Federal Reserve [Report to the Congress on Government-Administered, General-Use Prepaid Cards](#) - September 2019:
 - “Federal, state, and local government offices use prepaid cards to disburse funds at a lower cost than checks (or other paper-based payment instruments such as

vouchers or coupons) and to provide an alternative to direct deposit for payment recipients, especially those recipients who do not have bank.”

- Former U.S. Treasurer Rosie Rios from 2011 [announcement](#) that new Social Security and other federal benefits would be made electronically :
 - “It costs 92 cents more to issue a payment by paper check than by direct deposit. We are retiring the Social Security paper check option in favor of electronic payments because it is the right thing to do for benefit recipients and American taxpayers alike.”
- [Letter](#) from Rep. Gregory Meeks (D-NY), Chairman of Subcommittee on Consumer Protection and Financial Institutions of the House Financial Services Committee, and Rep. Scott Tipton (R-CO), Vice Ranking Member of the Subcommittee on Consumer Protection and Financial Institutions, to Treasury proposing to give unbanked Americans the option and ability to receive their CARES Act funds directly into a newly-opened, no-cost or minimal-cost bank account that has a linked digital and/or physical card:
 - “This solution will have the following benefits:
 - It will provide immediate access to funds. Virtual cards linked to the bank accounts give access to the funds on the same timeframe as if the recipient had direct deposit. The funds can be accessed and used anywhere electronically until the physical debit card arrives.
 - The use of such cards would ensure that funds distributed are FDIC insured, and thus protect recipients from theft and fraud.
 - Such a solution avoids the significant costs and risks of check cashing and processing, as well as the health risks associated with accessing physical locations. This solution would have zero cost for recipients.
 - This solution also avoids the significant costs of printing checks, postage and reconciling unbanked checks, and other costs borne by Treasury when issuing physical checks.”
 - “This solution has the added benefit of bringing a significant share of unbanked Americans on the path to inclusion into the mainstream financial system.”
- [Letter](#) from Rep. Sanford Bishop (D-GA) to Treasury on the benefits of prepaid and recommending Treasury include an option for “GPR cards” in their online portals:
 - “General Purpose Reloadable (GPR) cards can often be more affordable than check cashing for many of the citizens receiving these funds and can be delivered much more quickly.”
 - “GPR cards, directly distributed to these individuals, could be a valuable and efficient alternative for this group as they provide an access to funds that is less expensive than cashing checks, easy-to-use, and generate immediate economic activity. My understanding is that they are also safe and secure, due to the protections provided by their issuers. I recommend that the IRS consider including a GPR card option for receiving the relief funds, alongside direct deposit and

checks. In addition, I urge the IRS to allow already existing GPR card routing and account numbers to be approved for use on the new website.”

- [Letter](#) from Rep. Lucy McBath (D-GA) to Treasury on the benefits of prepaid:
 - “I write to you to respectfully request that Treasury, where available, allow the forthcoming economic impact payments to be disbursed via General Purpose Reloadable (GPR) cards. GPR cards can often be more affordable than check cashing and can be delivered to citizens faster. The option to receive GPR cards may help unbanked and underbanked Americans receive their economic impact payments allocated to them under the CARES Act.”
 - “Currently, millions of taxpayers receive their tax refunds on prepaid debit cards-it is important that all of these individuals have the option to receive their economic impact payments similarly. Instead of having to wait for a paper check that could take up to 20 weeks to arrive, they would receive their economic impact payments with the rest of their regular direct deposit.”
 - “Prepaid debt cards are a proven, secure, and efficient alternative distribution method, and would generate immediate economic activity. I request the IRS consider including a prepaid card disbursement option alongside the direct deposit and check. This is a timely solution to ensure payments are received as quickly as possible.”
 - “During this unprecedented time, it is necessary that all options are utilized to ensure the economic and social well-being of our citizens. I urge the department to consider the GPR card as an option for citizens to receive their economic impact payment.”
- [Letter](#) from Sens. Doug Jones (D-AL) and Tom Cotton (R-AR), both members of the Senate Banking Committee, to Treasury requesting they utilize its Direct Express debit card as one method for disbursing Economic Impact Payments:
 - “In order to provide this much needed assistance directly and quickly, we request the Treasury Department utilize its Direct Express debit card as one method, at the option of the individual, for disbursing these payments as an alternative to paper checks.”
 - “It is our understanding that payments made electronically can be distributed quickly, but the Internal Revenue System (IRS) must print paper checks and mail them separately. As a result, we encourage the Treasury Department to offer a targeted group of Americans the option of receiving their direct assistance payment on the Direct Express debit cards, which are used for other federal benefits like Social Security and Veterans Affairs benefits. Using debit cards could be limited to Americans eligible for this program not already signed up for direct deposit, have a bank account, or require a paper check.”
 - “...we support delivering benefits automatically to as many people as possible and request that debit cards be offered as an option to distribute the assistance payment. Debit cards are a safer method of delivery than paper checks. Paper checks will



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force Americans to leave their homes to deposit the funds and can be a source of fraud.”

- [Letter](#) from Reps. Barry Loudermilk (R-GA) & Bill Foster (D-IL) on the IRS’ web portals
 - “Fortunately, there are well-established payment methods available from private sector payments providers, including diverse, innovative financial services companies, that can assist with distributing these funds. General purpose reloadable (GPR) cards are one such method for which the process for an individual to receive the payment would be relatively simple. An eligible individual could order a GPR card online without having to go into a physical store, input the card information and their personal information into the IRS portal, and receive the funds onto the card– and the cardholder could even use the funds to make purchases online or via mobile pay using the card number before the physical card arrives in the mail. We believe this would be a much more effective method of distributing funds than sending out millions of paper checks to Americans, many of whom do not have a checking account.”
 - “However, we also believe it is critically important for the IRS to update its non-filers portal and get my payment portal to make it clear that GPR cards are an option as those are the primary places where consumers will go for information about their recovery rebate. This would help reduce public confusion and allow a large segment of Americans to receive their support payments more quickly. We have learned that some individuals are unaware that they can use their GPR card’s routing and direct deposit number to register their card with the IRS and expedite their payment. Accordingly, we respectfully request that GPR cards be clearly listed as an option in the IRS’s portals so that millions of Americans with GPR cards will know that they can use their card and know how to register it with Treasury and receive a direct deposit in a timely manner.”

LUCY MCBATH
6TH DISTRICT, GEORGIA
1513 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4501

5775 GLENRIDGE DRIVE
BUILDING B, SUITE 380
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(470) 773-6330

Congress of the United States
House of Representatives
Washington, DC 20515-1006

COMMITTEE ON JUDICIARY

SUBCOMMITTEES:
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HOMELAND SECURITY
ANTITRUST, COMMERCIAL AND
ADMINISTRATIVE LAW

COMMITTEE ON
EDUCATION AND LABOR

SUBCOMMITTEES:
HEALTH, EMPLOYMENT, LABOR,
AND PENSIONS
WORKFORCE PROTECTIONS

April 10, 2020

Ms. Lauren Nunnally
Deputy Assistant Secretary for Appropriations Management, Office of Legislative Affairs
Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Deputy Assistant Secretary Nunnally,

I write to you to respectfully request that Treasury, where available, allow the forthcoming economic impact payments to be disbursed via General Purpose Reloadable (GPR) cards. GPR cards can often be more affordable than check cashing and can be delivered to citizens faster. The option to receive GPR cards may help unbanked and underbanked Americans receive their economic impact payments allocated to them under the CARES Act.

According to the Federal Reserve, more than 25% of U.S. households are unbanked or underbanked. In Georgia that number is 35%. These households tend to be among those most affected by an economic crises, and are often the households most in need of rapid liquidity. To ensure vulnerable Americans have swift access to their economic impact payments, I urge the IRS to include GPR cards as an alternative to paper checks.

Currently, millions of taxpayers receive their tax refunds on prepaid debit cards—it is important that all of these individuals have the option to receive their economic impact payments similarly. Instead of having to wait for a paper check that could take up to 20 weeks to arrive, they would receive their economic impact payments with the rest of their regular direct deposit. Additionally, there are millions of eligible recipients who do not have bank account information on file with the IRS or are not required to file taxes.

Prepaid debt cards are a proven, secure, and efficient alternative distribution method, and would generate immediate economic activity. I request the IRS consider including a prepaid card disbursement option alongside the direct deposit and check. This is a timely solution to ensure payments are received as quickly as possible.

During this unprecedented time, it is necessary that all options are utilized to ensure the economic and social well-being of our citizens. I urge the department to consider the GPR card as an option for citizens to receive their economic impact payment.

Sincerely,



Lucy McBath
Member of Congress

Congress of the United States
Washington, DC 20515

April 17, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

The Honorable Charles Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Secretary Mnuchin and Commissioner Rettig,

Thank you for your leadership in distributing CARES Act recovery rebates to Americans as quickly and efficiently as possible.

As part of that effort, we write to bring your attention to payment mechanisms that can be useful for distributing recovery rebates to Americans who do not have direct deposit information on file with the IRS. According to the FDIC 2017 national survey of unbanked and underbanked households, more than one in four American households— approximately 27 percent— are either unbanked or underbanked. While the rate of unbanked Americans is near an all-time low due to technological innovations in the financial services marketplace like mobile banking, approximately 6.5 percent of U.S. households— or 8.4 million— still do not have anyone in the household with a checking or savings account. Additionally, the IRS has estimated that approximately 80 million of the 150 million Americans eligible for a recovery rebate do not have direct deposit information on file. This will inevitably lead to challenges with distributing these payments efficiently.

Fortunately, there are well-established payment methods available from private sector payments providers, including diverse, innovative financial services companies, that can assist with distributing these funds. General purpose reloadable (GPR) cards are one such method for which the process for an individual to receive the payment would be relatively simple. An eligible individual could order a GPR card online without having to go into a physical store, input the card information and their personal information into the IRS portal, and receive the funds onto the card— and the cardholder could even use the funds to make purchases online or via mobile pay using the card number before the physical card arrives in the mail. We believe this would be a much more effective method of distributing funds than sending out millions of paper checks to Americans, many of whom do not have a checking account.

On April 15, the Consumer Financial Protection Bureau updated its guide to COVID-19 economic stimulus relief to indicate that consumers can receive their stimulus payment using a prepaid card. This was an important development and will help inform consumers that prepaid is an option. However, we also believe it is critically important for the IRS to update its non-filers portal and get my payment portal to make it clear that GPR cards are an option as those are the


primary places where consumers will go for information about their recovery rebate. This would help reduce public confusion and allow a large segment of Americans to receive their support payments more quickly. We have learned that some individuals are unaware that they can use their GPR card's routing and direct deposit number to register their card with the IRS and expedite their payment. Accordingly, we respectfully request that GPR cards be clearly listed as an option in the IRS's portals so that millions of Americans with GPR cards will know that they can use their card and know how to register it with Treasury and receive a direct deposit in a timely manner.

In sum, we hope that alternative payments methods like GPR cards can be an option for unbanked and underbanked Americans to receive recovery rebates. Thank you for your consideration of this request.

Sincerely,



Barry Loudermilk
Member of Congress



Bill Foster
Member of Congress

SANFORD D. BISHOP, JR.
SECOND DISTRICT, GEORGIA

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:

CHAIRMAN

AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION AND RELATED AGENCIES

VICE CHAIR

MILITARY CONSTRUCTION, VETERANS AFFAIRS
AND RELATED AGENCIES

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Congress of the United States
House of Representatives
Washington, DC 20515-1002

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FAX: (706) 320-9479

MACON

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MACON, GA 31201
PHONE: (478) 803-2631
FAX: (478) 803-2637

April 8, 2020

Ms. Lauren Nunnally

Deputy Assistant Secretary for Appropriations Management, Office of Legislative Affairs

Department of Treasury

1500 Pennsylvania Ave. NW

Washington, DC 20220

Dear Deputy Assistant Secretary Nunnally:

I write to you today to discuss the valuable solutions for delivery of the individual relief funds outlined in the CARES Act, shared with me by my constituents and the Georgia-based American Transaction Processors Coalition. I have been informed that the prepaid industry is ready to assist in disbursing these funds in the most efficient, cost effective, and timely manner. General Purpose Reloadable (GPR) cards can often be more affordable than check cashing for many of the citizens receiving these funds and can be delivered much more quickly.

I understand that the Internal Revenue Service (IRS) intends to employ direct deposit information used by individuals on their 2019 or 2018 tax returns to disburse the relief funds to approximately 60 million people. Millions of tax filers, however, already receive their tax refunds on GPR cards. I urge the IRS to ensure that the direct deposit option will be used for both traditional bank accounts as well as GPR card accounts.

I also understand that the IRS will be developing a website to allow those who do not have bank account information on file to submit their information so that their qualifications for relief funds can first be determined before the funds are directly deposited into their accounts. I commend this effort as this group potentially includes over 90 million eligible Americans, and this effort will further expedite the delivery of these funds. According to the Federal Reserve Bank, more than 25% of U.S. households are unbanked or underbanked and these are the same households that may require swift access to their funds the most.

GPR cards, directly distributed to these individuals, could be a valuable and efficient alternative for this group as they provide an access to funds that is less expensive than cashing checks, easy-to-use, and generate immediate economic activity. My understanding is that they are also safe and secure, due to the protections provided by their issuers. I recommend that the IRS consider including a GPR card option

for receiving the relief funds, alongside direct deposit and checks. In addition, I urge the IRS to allow already existing GPR card routing and account numbers to be approved for use on the new website.

In this unprecedented time, it is necessary for us to take all steps available to ensure the economic and social well-being of our citizens. Consistent with all applicable rules, regulations, and policies, I urge the Department of Treasury to consider the solutions listed above for the distribution of the COVID-19 relief funds.

With warmest personal regards, I remain

Sincerely yours,


Sanford D. Bishop, Jr.
Member of Congress

United States Senate

WASHINGTON, DC 20510-0106

April 7, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

The Coronavirus Aid, Relief, and Economic Security (CARES) Act included economic relief to Americans in the form of direct cash payments to provide support during this unprecedented public health and economic crisis. In order to provide this much needed assistance directly and quickly, we request the Treasury Department utilize its Direct Express debit card as one method, at the option of the individual, for disbursing these payments as an alternative to paper checks.

We were alarmed by the *Washington Post* report on April 2, 2020, that “\$30 million in paper checks for millions of other Americans won’t start being sent out until April 24, as the government lacks their banking information. And some of those checks won’t reach people until September.”¹ Americans should not have to wait five months to receive their checks.

While a slight lag between Congressional action and the support arriving to workers is understandable, the Treasury Department must act expeditiously to get these funds to their intended recipients. These direct assistance payments are aimed at assisting American workers in covering the cost of essentials household items, including rent and mortgage payments, outstanding bills, and food to feed their families.

It is our understanding that payments made electronically can be distributed quickly, but the Internal Revenue System (IRS) must print paper checks and mail them separately. As a result, we encourage the Treasury Department to offer a targeted group of Americans the option of receiving their direct assistance payment on the Direct Express debit cards, which are used for other federal benefits like Social Security and Veterans Affairs benefits.² Using debit cards could be limited to Americans eligible for this program not already signed up for direct deposit, have a bank account, or require a paper check.

¹ Lisa Rein, “IRS to begin issuing \$1,200 coronavirus payments April 9, but some Americans won’t receive checks until September, agency plan says,” *The Washington Post*, April 2, 2020. Available at: https://www.washingtonpost.com/politics/irs-to-begin-issuing-1200-coronavirus-payments-april-9-but-some-americans-wont-receive-checks-until-september-agency-plan-says/2020/04/02/8e0cfc84-751e-11ea-85cb-8670579b863d_story.html

² <https://fiscal.treasury.gov/GoDirect/about-faq/index.html#electronicpayments>

As Americans across the country practice social distancing to contain the spread of COVID-19, we support delivering benefits automatically to as many people as possible and request that debit cards be offered as an option to distribute the assistance payment. Debit cards are a safer method of delivery than paper checks. Paper checks will force Americans to leave their homes to deposit the funds and can be a source of fraud. We appreciate your consideration of this request to keep Americans safe during these challenging times.

Sincerely,

A handwritten signature in blue ink, appearing to read "Doug Jones". The signature is fluid and cursive, with the first name "Doug" being more prominent than the last name "Jones".

Doug Jones
United States Senator

A handwritten signature in blue ink, appearing to read "Tom Cotton". The signature is written in a cursive style, with "Tom" and "Cotton" clearly legible.

Tom Cotton
United States Senator

Congress of the United States
Washington, DC 20515

April 11, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

We are writing to you on a timely matter regarding the distribution of direct payments authorized by the CARES Act. Given the unprecedented and rapid impact that COVID-19 is having on our economy, it is vital that the payments Congress authorized reach the intended recipients in the most efficient manner, especially for those who lack access to the mainstream financial system.

If implemented appropriately, tens of millions of Americans will receive support in the coming weeks to help address their critical needs while the U.S. economy is partially shut down. We remain deeply concerned, however, that the nearly 15 million Americans without bank accounts will face difficulty accessing these essential funds. These recipients may have no choice but to receive physical checks with the following consequences:

1. It may take 20 weeks or more (including postage and processing) for these Americans to receive their checks, versus between 2 and 5 weeks for those with bank accounts. The unbanked segment also has the lowest savings balances and are most susceptible to employment loss in a downturn. They simply cannot survive this long without income. It risks causing irreparable damage to these families, to the stability of their communities, and to the infrastructure required to rebuild our economy.
2. When unbanked Americans do finally receive their checks, they are likely to have no providers with whom to cash their check for free, no remote or online services to support their access to funds, and nowhere to deposit the money. They will have to leave their homes and possibly break shelter-in-place rules to go to predatory check cashing stores where they will be exposed to health risks and pay very high fees to receive cash, which they will have to physically store in their homes. The Treasury Department must ensure that the maximum amount of these funds end up in the hands of the people for whom they were intended, not diverted to cashing, processing and other avoidable fees.

Sending paper checks to Americans disadvantages those who need the funds the most. To the greatest extent possible, the Treasury Department must seek to leverage existing banks and innovations in electronic payments to instantly and affordably reach this segment of America.

We propose that the Treasury Department give unbanked Americans the option and ability to receive their CARES Act funds directly into a newly-opened, no-cost or minimal-cost bank account that has a linked digital and/or physical card. The Treasury Department could negotiate the inclusion of such a product with banks and companies that provide such cards and are willing to provide the service. By making this option available on Treasury's web portal, people will be able to select how to receive their funds. This solution will have the following benefits:

1. It will provide immediate access to funds. Virtual cards linked to the bank accounts give access to the funds on the same timeframe as if the recipient had direct deposit. The funds can be accessed and used anywhere electronically until the physical debit card arrives.
2. The use of such cards would ensure that funds distributed are FDIC insured, and thus protect recipients from theft and fraud.
3. Such a solution avoids the significant costs and risks of check cashing and processing, as well as the health risks associated with accessing physical locations. This solution would have zero cost for recipients.
4. This solution also avoids the significant costs of printing checks, postage and reconciling unbanked checks, and other costs borne by Treasury when issuing physical checks.

This solution has the added benefit of bringing a significant share of unbanked Americans on the path to inclusion into the mainstream financial system. Offering the solution outlined above, as an option through the online portal that the Treasury Department is developing, will help ensure that all Americans, regardless of their means, will have access to the critical CARES Act funds as expeditiously as possible.

Thank you for your prompt attention to this urgent matter.

Sincerely,



Gregory W. Meeks
Member of Congress



Scott Tipton
Member of Congress