



February 8, 2021

The Honorable Janet Yellen
Secretary
US Department of the Treasury
Washington, DC

Re: Recommendations to Improve Delivery of Economic Impact Payments to Americans

Dear Secretary Yellen:

We would like to commend the staffs of the Treasury Department, Internal Revenue Service (IRS), Bureau of the Fiscal Service, and the Federal Reserve for their monumental and expeditious efforts to distribute approximately 147 million payments in the second round of Economic Impact Payments (EIPs). As bank and credit union trade associations representing members of all sizes in every state and territory, the undersigned organizations have collaborated with the Department of the Treasury to ensure the safe, secure, and accurate delivery of EIPs to hundreds of millions of Americans under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and COVID-related Tax Relief Act of 2020.

President Biden [recently instructed](#) all executive departments and agencies to “promptly identify actions they can take within existing authorities to address the current economic crisis” as the nation continues to cope with the coronavirus pandemic. Pursuant to President Biden’s directive, the undersigned associations offer for your consideration a list of recommended actions to make the payment process faster and more efficient. As policymakers consider additional direct payments for economic relief, these improvements can help ensure that individuals receive funds promptly and safely while reducing disruptive errors. Additionally, anticipating the possible distribution of a third round of EIPs during tax season makes implementation of recommendations even more critical. It is with these thoughts in mind that we offer the following observations and recommendations.

We look forward to working with the new administration to ensure that all Americans continue to benefit from a dependable and efficient payment system. We would be happy to discuss these issues and our recommendations in greater detail at your convenience.

Sincerely,

American Bankers Association
Bank Policy Institute
Consumer Bankers Association
Credit Union National Association
Independent Community Bankers of America
National Association of Federally-Insured Credit Unions
The Clearing House

Highlights from Past Collaborative Efforts to Distribute Economic Impact Payments

1. The undersigned associations appreciated the IRS and Bureau of the Fiscal Service's openness in sharing important EIP information, such as ACH file descriptions and sample images of checks. The release of these details allowed financial institutions to prepare their staffs to address account holder concerns and guard against potentially fraudulent items.
2. The expeditious creation of the Get My Payment portal allowed for millions of Americans to update account information and provided an avenue for the public to find answers to critical questions about the status of their payments.
3. The employees at the IRS and Bureau of the Fiscal Service demonstrated exceptional professionalism through their steadfast efforts to solicit industry feedback and elevate concerns to appropriate agency executives. They facilitated numerous conference calls, including some over weekends, to ensure that all industry participants could receive timely briefings.
4. The undersigned associations welcomed the IRS and Bureau of the Fiscal Service's rapid formation of a small technical group to examine solutions for the rejected items experienced during the second round of payments. Hosting a dedicated group of subject-matter experts produced a quick solution that allowed millions of Americans to receive their funds.

Recommendations to Improve Distribution of Economic Impact Payments and Communications with Citizens and Industry Partners

1. **Implement steps to improve the accuracy of information used to create the payments files.**
 - Utilize a verification service to prescreen electronic payment files in order to identify and confirm open and valid accounts to reduce the number of rejected payments. The use of verification services is widely accepted as an industry standard that increases the efficiency of payment processing and helps minimize disruption caused by rejected payments.
 - Continue to harmonize account information from multiple government agencies that have directories of consumer direct deposit accounts, such as Social Security, to ensure EIPs are directed to the correct accounts.
 - Relaunch an enhanced Get My Payment portal as soon as possible to solicit updated routing and transit numbers from the public to maintain accurate databases and drive efficiency/speed of responses for future EIPs. A robust portal that is updated promptly with payments status will improve the recipient user experience and reduce call center traffic at the IRS and your industry partners.
 - Use the ACH Network Notification of Change (NOC) process where financial institutions reply with updated account information for EIP recipients to enable the IRS to update its database with accurate information. This is an established industry practice that reduces the likelihood of errors and it does not require taxpayers to take any individual actions to provide new account information.

2. Enhance processes which drive future EIPs to 100% electronic payments.

- Increase usage of debit cards to reach unbanked recipients.
- Direct additional resources to reduce reliance on paper checks to migrate to electronic payments, such as relaunching the Get My Payment portal to obtain account information for ACH payments. The portal should be open for an extended period to allow potential recipients to provide banking information to the IRS.
- Utilize faster payment rails to instantly provide payments on a 24x7 basis with immediate confirmation to both sender and recipient that good funds were received and available. Same Day ACH is also available as a cost-effective, faster solution that can already reach all financial institutions in the United States.

3. Make more timely communications with EIP recipients regarding the registering for electronic payments and the timing of the payment process.

- Develop an effective communication strategy for recipients on how to use the enhanced Get My Payments portal to register for an electronic payment. A good communications plan coupled with having the portals ready to accept recipient routing information will benefit the recipients, the government, and your industry partners.
- Increase outreach to unbanked individuals to help them open and access affordable accounts in order to receive electronic payments. New industry initiatives, such as the Bank On program and the FDIC's #GetBanked website, are leading the effort to strengthen financial inclusion by encouraging financial institutions to offer unbanked Americans access to convenient, low-cost accounts. The undersigned associations are prepared to support enhanced efforts to help all Americans gain access to an account and realize the benefits of safe, secure, and efficient electronic payments.
- If the payment process is disrupted for any reason, communicate the issue and the solution clearly to EIP recipients. Delays in making the Get My Payments portal available, inaccurate data or no data being displayed ("Payment #2 Status Unavailable") created recipient confusion. This confusion contributed to some people falsely accusing financial institutions and tax preparation companies of malicious actions, like intentionally withholding payments.
- Be very precise regarding the timing of payments so that the recipients have realistic expectations.
 - This is especially important when it comes to ACH payments where the focus should only be on when funds will be available, the effective date. The financial institutions that receive EIPs are required to process payments in accordance with the instructions for which they are provided. Communications on this issue must be clear and consistent to ensure that recipients have an accurate understanding of when they will receive funds.
 - For mailed payments, provide a comprehensive description of the rollout plan for recipients to have a reasonable understanding on when to expect their payment. Avoid sending payments out by zip code because this causes sharp demands for cash in some areas and little demand in other areas making managing cash logistics difficult. It also will reduce the appearance that some areas of the country have been designated a higher priority to receive mailed payments.
- Be as consistent as possible when communicating with EIP recipients. In a reversal of previous guidance, the IRS reissued payments for recipients who did not initially receive their second-round economic impact payments due to processing errors. Timely coordination with industry partners and more transparent public communication about what is happening and

how the issues may be resolved are critical for the credibility of the agencies and to quell public frustration.

4. Communicate with industry partners.

- Continue the established practice of regularly scheduled updates with industry partners. We urge the Treasury Department to maintain open lines of communication as policymakers contemplate future rounds of stimulus payments. The increased communication during the second round of EIPs was very beneficial in getting payments into the hands of recipients faster. Ensure that this information can be disseminated to the entire industry. Allowing industry partners to share some information more freely can improve our ability to communicate effectively and prepare financial institutions to handle EIPs.
 - As new leadership comes onboard, we encourage you to identify a single, consistent point-of-contact to sustain communication with industry partners.
 - Advanced communication helps industry partners prepare for downstream implications of accountholders to benefit from stimulus funds distribution (examples: scheduling staffing to handle exception processing, ensuring sufficient cash on hand for accessing funds at branches and ATMs).
- Allow industry partners to help identify and address issues to minimize problems.
- Coordinate with industry partners and ACH Operators on EIP distribution timelines. Continue the cooperation by sharing critical data associated with check and ACH EIPs including informing the industry of file dates, effective dates, and unique EIP identifiers such as the ACH Indicators used previously – (“XXTAXEIP”) and Unique EIP Paper Check Symbol (“40436”). It is critical to separate EIPs from regular tax refund payments.

5. Address issues related to EIPs being reduced to pay debts.

- For EIPs claimed through a tax return, the IRS should identify these ACH payments using the same “XX” code used for direct EIP payments to exempt them from garnishment. Paper checks should also carry an indicator identifying it as an EIP payment. This will extend garnishment protections to commingled “regular” tax refund amounts combined with an EIP credit.
- Ensure that the IRS does not offset EIPs by recipient’s past due taxes through a federal tax levy.

6. Arrange a meeting with your industry partners regarding these recommendations based on EIP1 and EIP2, to discuss implementing these enhancements to ensure readiness for future rounds of stimulus.