

Modernizing Payments to and from America's Bank Account

Administration Policy:

President Trump issued an executive order (EO) titled [Modernizing Payments To and From America's Bank Account](#) which makes it the policy of the United States to “defend against financial fraud and improper payments, increase efficiency, reduce costs, and enhance the security of Federal payments.”

Specifically, this EO directs the Secretary of Treasury to “phase out” paper check disbursements and receipts and transition to electronic funds transfer (EFT) methods for all federal disbursements, including intragovernmental payments, benefits, vendor payments, and tax refunds.

The heads of all executive departments and agencies must also transition to EFT methods and eliminate the need for the Department of Treasury's physical lockbox services. To support this effort, the Department of Treasury must provide access to direct deposits, debit and credit card payments, and other modern electronic payment options through Treasury's centralized payment systems.

The EO allows for exceptions when EFT methods are not possible, including in cases of undue hardship, lack of access to banking services, law enforcement or national security activity, or emergency payments.

Background:

- According to an [audit](#) by the GAO reported improper payments government wide for fiscal year (FY) 2024 totaled \$162 billion.
 - This audit by the GAO revealed several weaknesses that hinder the ability to accurately review government financial statements, including the federal government's inability to adequately account for intragovernmental activity and balances between government entities.
- The Financial Crimes Enforcement Network (FinCEN) issued a [financial trend analysis](#) (FTA) on mail theft related check fraud, which showed \$688 million in check fraud from February to August of 2023.
 - 88 percent of mail theft-related check fraud was reported by banks.
 - Mail theft-related check fraud was reported in all 50 states, Washington, D.C., and Puerto Rico.
- A fact sheet from the White House can be found [here](#).