

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