



Executive Order Mandates That The Federal Government Transition To Paperless Payment Methods

On March 25, 2025, in an effort to transition away from checks and other paper-based payment methods, President Trump signed Executive Order 14247 - *Modernizing Payment To and From America's Bank Account*. The Order mandates that "[e]ffective **September 30, 2025**, and to the extent permitted by law, the Secretary of the Treasury shall cease issuing paper checks for all Federal disbursements inclusive of intragovernmental payments, benefits payments, vendor payments, and tax refunds" The Order also mandates that "[a]s soon as practicable, and to the extent permitted by law, all payments made **to** the Federal Government shall be processed electronically" In short, regardless of its position as payor or payee, the Federal Government is transitioning towards electronic funds transfer (EFT) systems, such as direct deposit and debit/credit card payments.

The Order identifies several factors that motivated its issuance. According to the Order, Department of the Treasury checks are 16+ times more likely to be lost or stolen, returned undeliverable, or altered than their electronic counterparts. The Order also pointed out that is costly for the government to process paper checks. In 2024 alone, it cost American taxpayers over \$657 million to maintain the infrastructure needed to digitize paper records.

The Order does provide exceptions to the mandate. In particular, alternative means of payment will be permitted for persons in the following circumstances:

- (i) individuals who do not have access to banking services or electronic payment systems;
- (ii) certain emergency payments where electronic disbursement would cause undue hardship;
- (iii) national security – or law enforcement – related activities where non-EFT transactions are necessary or desirable; and
- (iv) other circumstances as determined by the Secretary of the Treasury, as reflected in regulations or other guidance.

In order to bolster awareness and support for the transition, the Order requires that the Secretary of the Treasury, together with the heads of other federal agencies, spearhead a public awareness campaign that will include guidance on accessing and setting up digital payment options. The Order also charges the Secretary of the Treasury to work alongside financial institutions to address financial access for underbanked populations.

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