



COVID 19 CRISIS
CARES ACT UPDATE

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ECONOMIC IMPACT PAYMENTS (EIPS) - INSIGHTS FOR COMMUNITY FIS

Community FIS may have unusual demands based on unprecedented impacts of Treasury Payments to consumers as part of the CAREs and EIP programs. In addition, we are observing higher volumes of Medicaid/Medicare payments as a result of the health crisis. Finally, these activities are converging at the time of the year we typically experience spikes in payments due to tax refunds.

Note: This is a very fluid situation and the specifics practices expected by the U.S. Treasury, The Federal Reserve and the IRS are dynamic and subject to change at any time.

BACKGROUND:

- CARES ACT signed into law 3/27
- ~\$2.2 Trillion in total economic relief aid
- ~\$300mm impacting 150-160mm households
- Consumer/family payments based on a FY2018 and FY2019 Tax filings
- Unclear as to the patterns – but intention to pay as much as possible by ACH based on record of bank T/R and account #s on file for previous tax refunds (e-filings)
- IRS created 10 new T/R # for origination – no other distinguishing characteristics (will look like a tax refund)

EIP - ACH PAYMENT SCHEDULE (SUBJECT TO CHANGE):

- ~80mm payments Originated on 4/10/20 (last Friday) – effective date 4/15/20 (Wednesday)
 - some banks are already making available to consumers
- ~15mm - ~30mm – Origination date 4/17/20 – effective date 4/22/20
- ~15mm - ~30mm – Origination date 4/24/20 – effective date 4/29/20

EIP - CHECK ISSUANCE

While every effort is being made to maximize the number of payments that are being made electronically (including an initiative announced today that will consider use of pre-paid cards as a payment option). Based on the estimates of ACH ‘payment rounds’ and the uncertainty around other options, there could be as many as **~50mm** checks issued to consumers/households (some estimates are over 100mm checks).

Federal Reserve/IRS guidance is check issuance will commence 4/20/20 and will be in the range of **5mm checks** per week (max capacity at this time).

- Consideration for lowest income recipients first
- Consideration given to lower income geographies as a priority
- Issued on Feds ‘standard’ T/R # – no distinction other than memo line ‘Economic Impact Payment’
- Treasury’s off-line portal only current verification option for payments ‘TCBA’ (ABA and TCH advocating more up-to-date tools and encouraging ability to accept payments through mobile and other channels).
- Payment confirmation: Post Payment Confirmation messages – planned for 15 days out.
- Work being done on “Get my Payment” portal – a way to check status. (live 4/17)
- Additional modifications to IRS site to help consumers furnish direct deposit information (timing unclear)
- See helpful links below for site details and other resources

COMMUNITY FI CONSIDERATIONS/ TIPS

- A calculated and cautious approach is needed to ensure staffing and cash inventories are adequate and appropriate
- Consider any current cash inventory surpluses as a result of 'early crisis' orders or slow-down in cash circulation due to retailer exposure, etc.
- All FIs should proactively promote on-line and mobile payment and banking practices
- Encourage mobile check deposits – post instructional message/video and consider upping deposit limits eligible for items.
- Consider raising ATM withdrawal limits and re-evaluate ATM denomination inventories (transition to larger bills).
- Depending on demographics of a market or neighborhood, consider staffing or hours parameters. Look at branch cash levels in conjunction with centralized inventories (if applicable). Max out recycling cash versus cross shipping.
- Look at customer mix... does your FI do business with grocery stores or large-scale check-cashers? Consider policies and peak cash need practices in place around the typical tax refund season (which hopefully will be delayed or extended due to revised filing deadlines).
- Communicate proactively with your cash-in-transit partners. Larger orders (15% vs. normal levels) may require extra time for delivery (e.g. 48 hours). FIs should plan accordingly and consider shifting denomination mix to accommodate expected needs.

Additional Resources:

TREASURY CHECK VERIFICATION

The U.S. Treasury Department's Treasury Check Information System: <https://fiscal.treasury.gov/tcis/>

IRS PAYMENT STATUS

The IRS site for consumers: <https://www.irs.gov/coronavirus/get-my-payment>

IRS PAYMENT REGISTRATION FOR NON-FILERS

The IRS launched a new site to allow registration for EIP payment for tax payers who don't normally file a tax return: <http://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>.

FRB - FEDERAL RESERVE BANK UPDATES:

<https://www.frbervices.org/news/fed360/issues/040120/040120-general-coronavirus-update.html>

Comments/Questions: Please contact William Booth, Head of Product Strategy and Innovation at ACBB wbooth@acbb.com or contact your ACBB Relationship Manager.

