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Americans Rank Direct Deposit Their Top Money Management Tool

Still, approximately 1 in 3 don't use it, including nearly 10.5 million Social Security recipients

Washington, D.C. – (Feb. 6, 2008) Americans say direct deposit tops both ATM cards and checkbooks as their most important tool for managing personal finances. Yet approximately one in three Americans still do not use direct deposit, including nearly 10.5 million Social Security recipients, despite the widespread opinion that direct deposit is reliable and safe.

The national survey was sponsored by the U.S. Department of the Treasury's **Go Direct**[®] campaign, which encourages people who receive Social Security and other federal benefits by paper check to switch to direct deposit. Release of the survey findings coincides with a [U.S. Senate resolution](#) declaring February 2008 **Go Direct Month**.

"Americans clearly believe the reliability and safety of direct deposit helps them better manage their money," said Judith R. Tillman, Commissioner of Treasury's Financial Management Service. "Direct deposit is far more convenient and reliable. Without having to make a trip to the bank, your money is there for you when you need to pay bills or manage household finances. Still, too many senior citizens and others don't take advantage of direct deposit and instead rely on paper checks for their Social Security and other federal benefit payments -- and as a result, they miss out on the money management advantages of direct deposit and also leave themselves vulnerable to financial crimes."

Direct deposit vital to Americans' daily money management

According to the survey, more than half (57 percent) of Americans say direct deposit is very important to managing their finances on a daily basis, compared to 48 percent for check books and 47 percent for ATM cards. Other common money management tools, like online banking, are even less essential. For example, only 32 percent of respondents say online banking is a very important tool.

Direct deposit is more reliable than paper checks

The survey also suggests that reliability is a key reason for Americans' affinity for direct deposit. Two out of three direct depositors say they would be concerned about delayed payments if they were forced to rely only on paper checks, while nearly 60 percent fear delays due to severe weather.

According to Treasury, delays are an unfortunate, but not uncommon occurrence. Treasury receives approximately 1.4 million inquiries each year regarding problems with paper checks. Last year, for instance, more than 140,000 Social Security and Supplemental Security Income (SSI) checks were delayed due to inclement weather or other unforeseen events.

Direct deposit is safer than paper checks

In fiscal year 2007, nearly 60,000 Treasury-issued checks were forged – totaling an estimated \$56 million in value. The poll found that Americans increasingly view direct deposit as the safer option.

- When compared to paper checks, 72 percent of Americans say direct deposit provides the best safeguard against identity theft, up from 54 percent in 2005.
- Nearly two out of three respondents say getting a paper check in the mail is risky compared to only 19 percent who say the same about direct deposit.
- More than eight out of 10 direct depositors say they would be concerned about becoming a victim of identity theft or fraud if they were forced to rely only on paper checks.

So why don't more people use direct deposit? Surprisingly, the lack of a bank account isn't the issue – nine out of 10 respondents said they have a checking or savings account. Many people say it simply isn't available to them. Forty percent of check recipients in the poll said their employers don't offer direct deposit – yet half of that group said they would choose it if they had the option.

About Go Direct

The **Go Direct** campaign, sponsored by Treasury and the Federal Reserve Banks, aims to motivate people who receive federal benefit checks to use direct deposit. Current benefit recipients can easily sign up for direct deposit of their Social Security or other federal benefits for free by calling **Go Direct** at (800) 333-1795 or visiting www.GoDirect.org.

Results are from a nationally representative telephone survey of 1,406 adults, ages 18 and over, conducted September 12 - September 17, 2007, by KRC Research. The margin of error for the overall study is +/- 2.6 percent at the 95 percent confidence level.