

United States Senate

WASHINGTON, DC 20510

<https://www.fetterman.senate.gov>

June 23, 2026

The Honorable Kevin Warsh
Chairman
Federal Reserve Board
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Chairman Warsh:

I write to urge you to begin rulemaking pursuant to the directives of the *Expedited Funds Availability Act (EFAA)*, 12 U.S.C. §§ 4001–4010, to expedite check clearing and make Direct Deposit speeds faster. As you may know, *EFAA* delegated responsibility to the Federal Reserve (Fed) to reduce the time banks can hold onto customers' funds before making them available. Despite enormous technological innovation since the passage of *EFAA* and subsequent implementing regulation (Reg CC), the permitted hold times for banks have never been updated.¹ The language of *EFAA* makes it clear that the Fed has a mandate and a statutory obligation to reduce time periods to “as short a time as possible.”

Slow payments create major costs for workers, retirees, and small business owners. For example, most Americans say they would need to use debt to cover a \$500 emergency² and 78% of Americans say they would face financial hardship if their next paycheck was delayed by just one week.³ When family budgets are tight, earlier access to paychecks allows people to avoid late fees, steer clear of overdrafts, and earn more interest on their savings. Speeding up checks and Direct Deposit through the Fed's *EFAA* mandate would be a lifeline to millions of American hard-working families, seniors, and small business owners.

The United States is embarrassingly far behind the rest of the world on payments. Only 3% of U.S. businesses use instant payments technology for payroll, standing in stark contrast to the rest of the world. The United Kingdom's Faster Payments Service and the European Union's SEPA Instant Credit Transfer systems have far higher shares of adoption and facilitate faster payments to workers and businesses.⁴ Innovation in instant payments technologies have the capacity to drastically increase the speed of payroll and peer-to-peer payments. However, hard-working Americans, seniors, and small businesses still have to wait several days to access the money they have earned.

¹ 12 CFR Part 229

² Vance Cariaga, *More Than Half of Americans Rely on Debt To Cover \$500 Emergencies – Here's Why*, (November 25, 2025), <https://finance.yahoo.com/news/more-half-americans-rely-debt-225506675.html>

³ PayrollOrg, 2025 “*Getting Paid in America*” Survey Results, <https://info.payroll.org/pdfs/npw/2025-Getting-Paid-In-America-Survey-Results-Report.pdf>

⁴ Polina Kempinsky, *Fast payments in action: Emerging lessons from Brazil and India*, (April 21, 2025), www.atlanticcouncil.org/blogs/econographics/fast-payments-in-action-emerging-lessons-from-brazil-and-india/

The Federal Reserve has a clear mandate from Congress to fix this problem. The 1987 *Expedited Funds Availability Act* said that the Fed (and later the CFPB) “shall, by regulation, reduce the time periods...to as short a time as possible and equal to the period of time achievable under the improved check clearing system...”⁵ The Fed’s implementing regulation, Reg CC, made this time two business days for local checks.⁶ However, the Fed’s regulations have not kept pace with the astonishing innovation in payment technology in recent decades. The *Check 21 Act*, passed in 2003, permitted the use of electronic checks, vastly improving efficiency in check processing. Now most Americans deposit funds electronically, with only 3% getting paid with paper checks.⁷ Payment technology has advanced as well, enabling payments to be cleared and settled in real time.

During your confirmation hearing, you spoke often about how the “Fed must stay in its lane” and stick to its mandate. The Fed has a clear mandate from Congress to lower hold times to ensure working families, seniors, and small businesses get paid faster. The Fed and CFPB previously received a petition asking them to take action on check clearing.⁸ The CFPB responded to that petition as required by the Administrative Procedure Act (APA) within three months, stating that the Director “agrees with the petition that the time has come” to start the process to speed up funds availability. The Fed has still not responded to the petition, despite the requirements of the APA. I urge the Fed to provide a detailed response to that petition and to begin the mandated rulemaking process to lower check and Direct Deposit times, in order to give working families, seniors, and small businesses access to their hard-earned money more quickly.

Sincerely,

A handwritten signature in black ink, appearing to be 'John Fetterman', written in a cursive style.

John Fetterman
United States Senator

⁵ 12 U.S.C. § 4002

⁶ 12 CFR Part 229

⁷ PayrollOrg, 2025 “*Getting Paid in America*” Survey Results, <https://info.payroll.org/pdfs/npw/2025-Getting-Paid-In-America-Survey-Results-Report.pdf>

⁸ Aaron Klein, *Petition to bank regulators for faster payment processing*, (October 2, 2024), <https://www.brookings.edu/articles/petition-to-bank-regulators-for-faster-payment-processing/>