The Move to Digital Payment: When the Check is No Longer in the Mall

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Figure 1. Payment by Check, FYs 1985 - 2010
Elements of scenarios

- Exogenous forces
  - Strategies in financial services market
  - Cross subsidies

- Entrepreneurship
  - Mass market
  - Local
  - New technology
Scenario A

- Entrepreneurship
  - Financial institutions reluctant to partner
  - No mass market as organizations with breadth do not enter

- Evolution of consumer financial services
  - Decline of cross subsidies makes checking accounts and direct deposit less attractive
Intermediate Scenarios

- Niche entrepreneur opportunities
  - Housing/landlords
  - Advocacy groups with ties to discrete populations
- Bundled with cell phone
Scenario Z

- 2013 deadline: a non-event
  - Many take up direct deposit into existing checking accounts

- Mass organizations compete for enrollment in prepaid products
  - Pre-eminence of direct mail channel

- Even if large institutions take a pass, scrappy new entrants appear