



## Direct Deposit Requirements

| Location        | Main Provisions of Law   | Covered Employers                    |
|-----------------|--|--------------------------------------|
| <b>Federal</b>  | <p>The Electronic Fund Transfer Act (EFTA) governs matters related to direct deposits and payroll cards. Employers may require direct deposit of salary by electronic means if employees are allowed to choose the institution that will receive the direct deposit.</p> <p><i>Citation:</i> Federal Deposit Insurance Corporation (FDIC)</p>  | All employers                        |
| <b>Alabama</b>  | <p>Private-sector employers may require direct deposit, but public-sector employers may not.</p> <p><i>Citation:</i> No statute. Based on attorney general's opinion letter</p>  | All employers                        |
| <b>Alaska</b>   | <p>Employers cannot require direct deposit. However, employers may pay with direct deposit if the employee voluntarily authorizes it and the wages are deposited into a financial institution of the employee's choosing.</p> <p><i>Citation:</i> <a href="#">AS 23.10.043</a> pg.8</p>  | All employers                        |
| <b>Arizona</b>  | <p>Employers may require direct deposit to an employee's choice of financial institution with the employee's consent. If no financial institution is provided, the employer may deposit the employee's salary payments to an electronic payroll card account if the employee agrees to it.</p> <p><i>Citation:</i> <a href="#">A.R.S §§ 23-351(D)</a></p>  | All employers                        |
| <b>Arkansas</b> | <p>Employees shall be paid in currency or by check or electronic direct deposit into the employee's account. Employees may opt out of direct deposit by providing employers with a written statement requesting payment by check.</p> <p><i>Citation:</i> Code Ann. <a href="#">§ 11-3-402(b)</a>. Local government employees: Ark. Code Ann. <a href="#">§ 14-59-105(c)</a>; Ark. Code Ann. <a href="#">§21-5-109</a>. Municipal water and sewer employees: Ark. Code Ann. <a href="#">§14-237-106(d)</a></p> | Private & state-government employers |

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| <b>California</b>           | Employers may pay by direct deposit, so long as the employee has voluntarily consented to the deposit and the wages are deposited into a financial institution of the employee's choosing. California requires employee agreement for direct deposit; employers may not require it.<br><i>Citation:</i> Cal. Lab. Code <a href="#">§ 212</a> .  | All employers  |
| <b>Colorado</b>             | Employers may pay by direct deposit if it's authorized by the employee and the deposits are made to the financial institution of the employee's choosing.<br><i>Citation:</i> C.R.S. <a href="#">§ 8-4-102(2)</a> .   | Private Employers  |
| <b>Connecticut</b>          | Employers may not require direct deposit, but it's permitted on the written request of employees.<br><i>Citation:</i> Conn. Gen. Stat. <a href="#">§31-71b</a> .  | All employers  |
| <b>Delaware</b>             | Employers may pay by direct deposit but only if employees sign a written request authorizing it. Regulations adopted by the Delaware Department of Labor also authorize employers to use payroll debit cards as a mechanism for wage payments in lieu of cash or check.<br><i>Citation:</i> <a href="#">19 Del. § 1102(a)</a> and Del. Code Regs. 65-400-013 (2005).  | Private employers  |
| <b>District of Columbia</b> | Private employers may not require direct deposit. Employers may only use direct deposit if employees voluntarily give written authorization. Public-sector employees may only be paid by direct deposit or delivery of the check by US mail to their residences.<br><i>Citation:</i> Private employers: D.C. Code <a href="#">§ 32-1302</a> . Public-sector employers: D.C. Code <a href="#">§ 1-611.20</a> . | Private employers and local governments  |
| <b>Florida</b>              | Employers are prohibited from requiring direct deposit.<br><i>Citation:</i> <a href="#">FSA §532.04</a> .   | All employers  |
| <b>Georgia</b>              | Employers may not require the direct deposit of paychecks, but direct deposit is permitted with the consent of the employee. If an employee willingly consents to the direct deposit of paychecks, the pay period must be divided into at least two equal periods in the month.<br><i>Citation:</i> <a href="#">O.C.G.A. § 34-7-2</a> .   | All employers except those in the farming, sawmill, & turpentine industries      |
| <b>Hawaii</b>               | Employers may pay by direct deposit and provide the employee with an electronic pay statement if both the employer and employee consent to it.<br><i>Citation:</i> <a href="#">HRS §§ 387-6 and 388-7</a> .   | All employers  |
| <b>Idaho</b>                | Direct deposit is permitted if voluntary written authorization is received from the employee.<br><i>Citation:</i> <a href="#">Idaho Code § 45-608</a> .   | All employers  |
| <b>Illinois</b>             | Direct deposit of a paycheck into a bank or other financial institution is permitted, but employers may not require it. Employees who authorize direct deposit designate their own financial institutions; employers may not designate a particular financial institution for exclusive payment of wages.<br><i>Citation:</i> <a href="#">820 ILCS 115/4</a> and <a href="#">56 ILAC 300.600</a> .            | All private employers & local governments, but not state and federal governments |

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| <p><b>Indiana</b></p>   | <p>Employers may make direct deposit mandatory; however, no law directly addresses this. While Indiana statutes do not address whether an employer may require employees to accept electronic deposit, nor what happens if an employee refuses to designate a financial institution for receipt of such transfers, the Indiana Department of Labor's website indicates that employers can require direct deposit.</p> <p><i>Citation:</i> <a href="#">I.C. §§ 22-2-5-1(a)</a>.</p>  | <p>All employers</p>                   |
| <p><b>Iowa</b></p>      | <p>Employers may not require employees hired before July 1, 2005, to participate in direct deposit. Employers may require a new employee to sign up for direct deposit as a condition of hire unless the costs to the employee of establishing and maintaining an account would effectively reduce the employee's wages to a level below the minimum wage, the employee would incur fees charged to the employee's account as a result of the direct deposit, or the provisions of a collective bargaining agreement mutually agreed on by the employer and the employee organization prohibit the employer from requiring an employee to sign up for direct deposit as a condition of hire.</p> <p><i>Citation:</i> <a href="#">Iowa Code §91A.3(3)</a>.</p> | <p>All employers</p>                   |
| <p><b>Kansas</b></p>    | <p>Employers can choose from the following payment methods, regardless of employee consent: (1) cash; (2) locally negotiable check or draft; (3) electronic fund transfer; or (4) payroll card. Any employer choosing electronic fund transfer must offer an alternative method for employees who don't designate a bank account for the electronic transfer. Employers choosing a payroll card must allow employees a free means of fund withdrawal per pay period.</p> <p><i>Citation:</i> <a href="#">Kan. Stat. Ann. § 44-314</a>.</p>  | <p>All employers</p>                   |
| <p><b>Kentucky</b></p>  | <p>Mandatory direct deposit is permitted, but employees must be able to withdraw each payment at full face value and employers must pay any resulting service charge. Employers cannot require an employee to have their paycheck deposited in a particular bank where the employee would be charged a fee for the deposit. Employers may face civil and criminal penalties if this situation occurs and the employee does not receive the full wages due.</p> <p><i>Citation:</i> KRS §§ <a href="#">337.010(1)(c)</a>, <a href="#">337.020</a>, <a href="#">337.060</a>, amended by 2013 Ky. Laws Ch. 25 (HB 3), <a href="#">337.385</a>, <a href="#">337.990(4)</a>; Ky. Op. Att'y. Gen. 83-ORD-459.</p>   | <p>All employers</p>                   |
| <p><b>Louisiana</b></p> | <p><u>Public sector:</u> All state-government executive branch agencies and all state boards, commissions, and corporations are required to provide electronic direct deposit payroll for state employees. <u>Private sector:</u> No law.</p> <p><i>Citation:</i> Public sector: <a href="#">La. Rev. Stat. Ann. § 39:247</a>.</p>  | <p>Public sector: State government</p> |
| <p><b>Maine</b></p>     | <p>Mandatory direct deposit is permitted so long as the employee can withdraw his or her entire net pay without additional costs; otherwise, the employee can choose another form of payment.</p> <p><i>Citation:</i> <a href="#">26 M.R.S.A. § 663(5)</a>.</p>   | <p>All employers</p>                   |

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| <b>Maryland</b>      | <p><u>Private sector:</u> Employers cannot require direct deposit, but wages may be paid by direct deposit if the employee authorizes it.</p> <p><u>Public sector:</u> Employees may request an exemption from direct deposit, and all newly hired employees must be notified of the right to request an exemption to direct deposit rules.</p> <p><i>Citation:</i> <u>Private sector: <a href="#">Md. Code Ann., Lab. &amp; Empl. § 3-502</a>. Public sector: <a href="#">Md. Code Ann., State Pers. &amp; Pens. § 2-405</a>.</u></p>   | All employers under various statutes |
| <b>Massachusetts</b> | <p>Employers may pay employees by direct deposit; the law does not indicate whether an employer can require an employee to be paid by direct deposit.</p> <p><i>Citation:</i> <u><a href="#">Mass. Gen. Laws. ch. 167B, § 7</a>; <a href="#">Mass. Gen. Laws ch. 41, § 41B</a>.</u></p>  | All employers                        |
| <b>Michigan</b>      | <p>Effective December 21, 2010, employers may require an employee to receive wages through direct deposit or payroll debit card. The employer must provide a written election notice that allows the employee to choose whether to receive wages through direct deposit or a payroll debit card. The employer must also provide a statement indicating that employees who fail to return the election notice, along with needed account information, will be presumed to consent to receive pay via a payroll debit card. (However, employees already paid by direct deposit may only have their payment method changed by written consent.) The employee may request a change in the method of receiving wages at any time. If a payroll debit card is used, the employer is required to give written disclosure of certain items concerning the debit card, including itemization of all fees and the methods to access funds free of charge.</p> <p><i>Citation:</i> <u><a href="#">2010 MI HB5821</a>; <a href="#">MI Pub. Ch. 323</a>; <a href="#">MCL 408.476</a>.</u></p> | All employers                        |
| <b>Minnesota</b>     | <p><u>Private sector:</u> The definition of wages in Minnesota allows private employers to use direct deposit as a means of payment. The employee may opt out of direct deposit by notifying the employer in writing.</p> <p><u>Public sector:</u> The Commissioner of Labor and Industry may require direct deposit for all state employees.</p> <p><i>Citation:</i> Private sector: <u><a href="#">Minn. Stat. § 177.23, subd. 4</a></u>. Public sector: <u><a href="#">Minn. Stat. § 16A.17, subd. 10</a></u>.</p>  | All employers under various statutes |
| <b>Mississippi</b>   | <p>There is no state law that addresses an employer's ability to pay employees by direct deposit.</p>  | All employers.                       |
| <b>Missouri</b>      | <p>Wages may be paid by cash or check. Missouri has no regulations governing direct deposit or payroll cards as methods of payment.</p> <p><u>State employees:</u> All state employees are required to participate in the Payroll Direct Deposit Program, unless this would pose a hardship on an individual or group of individuals.</p> <p><i>Citation:</i> <u><a href="#">1 CSR 10-8.010 Direct Deposit of Payroll Requirements</a></u>.</p>  | All employers under various statutes |
| <b>Montana</b>       | <p>Employers may not require direct deposit.</p> <p><i>Citation:</i> <u>Mont. Code Ann. <a href="#">§ 39-3-204(2)</a></u>.</p>   | All employers                        |

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| <b>Nebraska</b>       | There is no state law or regulation on direct deposit.  | All employers                            |
| <b>Nevada</b>         | Employers cannot require direct deposit; however, direct deposit is permissible at the election of the employee if the employee can obtain immediate payment in full, the employee receives at least one free transaction per pay period, any other fees are prominently disclosed and consented to by the employee in writing, and there are no other unreasonable requirements or restrictions.<br><br><i>Citation: <a href="#">NRS 608.120</a> and <a href="#">NAC 608.135</a>.</i>  | All employers                            |
| <b>New Hampshire</b>  | Employers may pay employees by electronic fund transfer, direct deposit, or a payroll card, provided there is no charge to the employee. However, if the employer elects to pay its employees by one of these methods, it must also offer employees the option of receiving their pay by check.<br><br><i>Citation: N.H. Rev. Stat. Ann. <a href="#">§ 275:43</a>.</i>  | All employers                            |
| <b>New Jersey</b>     | Employers may institute a direct deposit mode of payment only if the individual employee consents to it.<br><br><i>Citation: <a href="#">N.J.A.C. 12:55-2.4</a>.</i>  | All employers                            |
| <b>New York</b>       | No employer may, without the advance written consent of any employee, directly pay or deposit the net wage or salary of such employee in a bank or other financial institution. This does not apply to a person employed in a bona fide executive, administrative, or professional capacity whose earnings are more than \$900 a week or an employee working on a farm not connected with a factory. Employers should keep advanced written requests from employees in their personnel files. Employees who do not consent to a direct deposit arrangement must receive wages in cash or by check.<br><br><i>Citation: <a href="#">N.Y. Labor Law §§ 190(7) and 192</a>, and <a href="https://www.labor.ny.gov/formsdocs/wp/LS445.pdf">https://www.labor.ny.gov/formsdocs/wp/LS445.pdf</a>, <a href="#">State Fin. Law § 200</a>.</i> | See <b>Main Provisions of Law</b> column |
| <b>North Carolina</b> | North Carolina does not require a specific form of payment; therefore, employers may select any legal form of payment, so long as payment is made in full on the designated payday. Acceptable forms of payment include cash, money orders, negotiable checks, and direct deposit. Therefore, mandatory direct deposit is allowed.<br><br><i>Citation: N.C. Administrative Code Title <a href="#">13 § 12.0309</a>.</i>   | All employers                            |
| <b>North Dakota</b>   | Employers may require direct deposit of paychecks in the financial institution of the employee's choice. If an employer also offers wage payment with a pay card (stored value card), the employee may elect to be paid with a pay card rather than by direct deposit.<br><br><i>Citation: N.D.C.C. <a href="#">§ 34-14-02</a>.</i>   | All employers                            |
| <b>Ohio</b>           | Ohio does not have any law prohibiting payment of wages by direct deposit. Employers are likely permitted to use direct deposit to pay employees with the employee's consent. It is uncertain whether an employer may lawfully require an employee to be paid by way of direct deposit.<br><br><i>Citation: Ohio Rev. Code <a href="#">§ 124.151(B)</a>.</i>  | All employers                            |

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| <b>Oklahoma</b>       | <p><u>Private sector:</u> Employers may require employees to receive their pay via direct deposit; however, the law prohibits requiring employees to establish an account at a specific institution for the receipt of electronic wage payments. Employers may either (1) require employees to accept direct deposit at the financial institution of their choosing; or (2) require employees using direct deposit to do so at the financial institution of their choosing, but allow them the option of receiving their pay by other means (e.g., check or cash). Employers who use direct deposit must still provide employees with an itemized statement of their pay.</p> <p><u>State government:</u> State-government employees are required to participate in direct deposit.</p> <p><i>Citation:</i> Private sector: OK Attorney General opinion (2009); State Department of Labor information. State government: <a href="#">Okla Stat, Title 74 § 292.12</a>.</p> | All employers under different circumstances |
| <b>Oregon</b>         | <p>Employers may use direct deposit without employee consent. They must pay an employee by check if requested by the employee. An employer and employee may agree that the employer will pay wages through an ATM card, payroll card, or other means of electronic transfer. The employee must be permitted to (a) withdraw the entire amount of net pay without cost to the employee; or (b) choose to use another means of payment of wages that involves no cost to the employee.</p> <p><i>Citation:</i> <a href="#">ORS 652.110</a>.</p>  | All employers                               |
| <b>Pennsylvania</b>   | <p>State law does not explicitly allow employers to require direct deposit, but at least one Pennsylvania court has implicitly endorsed the practice.</p> <p><i>Citation:</i> <a href="#">Stattler v. Unemployment Comp. Bd. Of Review, 728 A.2d 1029</a> (Pa. Commw. Ct. 1999).</p>   | All employers                               |
| <b>Rhode Island</b>   | <p>Direct deposit is only permissible upon written request of employees and consent of the employer.</p> <p><i>Citation:</i> <a href="#">R.I.Gen.Laws § 28-14-10.1(a)</a>.</p>   | All employers                               |
| <b>South Carolina</b> | <p>Employers may pay their employees by direct deposit provided the employee's account allows for one withdrawal for each deposit free of any service charge. When an employee's wages are paid by direct deposit, the employee must be furnished a statement of earnings and withholdings.</p> <p><i>Citation:</i> S.C. Code Ann. <a href="#">§ 41-10-40</a>.</p>   | All employers                               |
| <b>South Dakota</b>   | <p>Mandatory direct deposit is allowed.</p> <p><i>Citation:</i> SDCL <a href="#">§ 60-11-2</a>.</p>  | All employers                               |
| <b>Tennessee</b>      | <p>Employers may use direct deposit as a method of paying wages. The state attorney general has issued an opinion seeming to say that employers can require direct deposit.</p> <p><i>Citation:</i> Atty. Gen. Op. 86-94, relying on Tenn. Code Ann. <a href="#">§ 50-2-103(e)</a>.</p>  | Private employers with at least 5 employees |
| <b>Texas</b>          | <p>Employers may use direct deposit for employees who maintain accounts at a financial institution. Employers who desire to pay through direct deposit must (1) notify each affected employee in writing at least 60 days before the date on which the direct deposit system is scheduled to begin; and (2) obtain from employees any information required by the financial institutions in which the employees maintain accounts that is necessary to implement the electronic funds transfer.</p> <p><i>Citation:</i> <a href="#">Tex. Labor Code § 61.017(c)</a>.</p>   | All employers                               |

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| <p><b>Utah</b></p>          | <p>Mandatory direct deposit is allowed if the following criteria are met: (1) If, for the calendar year preceding the pay period for which the employee is being paid, the employer's federal employment tax deposits were at least \$250,000; and (2) at least two-thirds of the employees have their wages deposited by electronic transfer. If those conditions are met, employers can mandate that paychecks for all employees be deposited by electronic transfer, but if those conditions are not met, employees can refuse direct deposit by submitting a written request to the employer. Employers may not designate a particular depository institution for the exclusive payment or deposit of a check or draft for wages.</p> <p><i>Citation:</i> Utah Code <a href="#">§§ 34-28-1</a> and <a href="#">34-28-3(3)</a>.</p> | <p>Private employers except those involved in farm, dairy, agriculturally, viticulturally, or horticultural pursuits; stock or poultry raising; household domestic service; or other employment in which a written agreement provides different terms</p> |
| <p><b>Vermont</b></p>       | <p>Employers must have written authorization from employees to use direct deposit.</p> <p><i>Citation:</i> <a href="#">21 V.S.A. § 342(c)</a>.</p>   | <p>All employers</p>  |
| <p><b>Virginia</b></p>      | <p>Employers cannot require the direct deposit of paychecks. However, if an employee who is hired after January 1, 2010, fails to designate an account for the receipt of direct deposits, the employer may pay wages or salaries to such employee by credit to a prepaid debit card or card account. Employers may pay employees by cash, check, direct deposit into an account in the name of the employee at a financial institution designated by the employee, or by credit to a prepaid debit card or card account from which the employee can withdraw or transfer funds.</p> <p><i>Citation:</i> VA Code <a href="#">§ 40.1-29(B)</a>.</p>   | <p>All employers</p>  |
| <p><b>Washington</b></p>    | <p>Informal guidance from the Washington State Department of Labor and Industries says employers can require direct deposit of paychecks so long as there is no cost to the employee (and assuming the employee has a bank account — the law is not clear whether an employer may require the employee to have a bank account).</p> <p><i>Citation:</i> <a href="https://lni.wa.gov/workers-rights/wages/getting-paid/">https://lni.wa.gov/workers-rights/wages/getting-paid/</a>.</p>   | <p>All employers</p>  |
| <p><b>West Virginia</b></p> | <p><b>State institutions of higher education:</b> Employees of state institutions of higher education, to the maximum extent practicable, must be paid their wages via electronic transfer or direct deposit.</p> <p><b>Employers subject to the WPCA:</b> Employers subject to the West Virginia Wage Payment and Collection Act (WPCA) may pay employees by direct deposit or by deposit into a payroll card account, provided that the employer and its respective employees agree in writing to such means of depositing wages.</p> <p><i>Citation:</i> State institutions of higher education: W. Va. Code <a href="#">§ 18B-5-9(c)</a>; WPCA: W. Va. Code <a href="#">§ 21-5-3(b)</a>.</p>   | <p>All employers under different circumstances</p>  |

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| <b>Wisconsin</b> | <p>Employers may require direct deposit if employees are given the right to designate the recipient bank and there are no charges to the employees for the direct deposit. Exceptions are necessary for employees who are ineligible for checking or savings accounts.</p> <p><i>Citation:</i> See <a href="#">Wis. Stat. § 109.03(1)</a>; <a href="#">Wis. Stat. §103.45</a>.</p>   | All employers     |
| <b>Wyoming</b>   | <p>Direct deposit is permitted when employees voluntarily authorize it.</p> <p><i>Citation:</i> <a href="#">Wyo. Stat. §27-4-101(b)</a>.</p>   | All employers     |
| <b>Canada</b>    | <p><b>Federal:</b> Direct deposit allowed. <b>Alberta:</b> Allowed. <b>British Columbia:</b> Allowed, if authorized in writing by the employee or in the collective agreement. <b>Manitoba:</b> Allowed. <b>New Brunswick:</b> Allowed. <b>Newfoundland and Labrador:</b> Allowed, with consent. <b>Nova Scotia:</b> Allowed. <b>Ontario:</b> Allowed so long as the account is in the employee's name and no other person (other than the employee or person authorized by the employee) has access to the account and the financial institution is a reasonable distance from the location where the employee works, unless the employee agrees otherwise. <b>Prince Edward Island:</b> Allowed. <b>Quebec:</b> The employer needs the employee's consent in writing unless it's part of a collective agreement. <b>Saskatchewan:</b> Allowed. <b>Northwest Territories, Nunavut, and Yukon:</b> Allowed, provided money is deposited into a bank account designated by the employee.</p> <p><i>Citation:</i> This matter is governed by the employment standards legislation in each Canadian jurisdiction.</p> | All employers     |

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**Note:** This chart is intended to provide general guidance and is not exhaustive of direct deposit requirements, and additional state or industry guidelines may apply to your business.