



Treasury Financial Manual

Bulletin No. 2005-03

Volume I

Retention: February 28, 2006

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Limitations on Plastic Card Collection Transactions

1. Purpose

This bulletin provides instructions to Federal agencies participating in the Plastic Card Network (PCN), formerly known as the Plastic Card Collection Network, operated by the Financial Management Service (FMS) on limiting the types of cashflows and the dollar value of individual transactions for which they collect revenues using plastic cards (credit cards and debit cards). It also supplements agency requirements in I TFM 5-4700: Plastic Card Collection Network.

2. Background

The PCN allows agencies to accept plastic cards in exchange for goods and services sold to the public and other departments and agencies. Additionally, agencies may accept plastic card payments of assessed fees, fines, and other monies due the Federal Government.

FMS has agreements with two financial agents that serve as the acquiring banks in the card networks. As the merchant in the bank card transaction, the Federal Government is subject to the rules of the bank card associations on how to calculate the cost of each transaction, including the conditions that determine the fees the Federal Government must pay for different types of transactions. These fees, for the most part, consist of a percentage of the dollar value of the transaction. As such, large dollar transactions are more costly than small dollar transactions. For example, a 1.5 percent fee for a \$200,000 transaction would cost the Federal Government \$3,000, while a 1.5 percent fee for a \$200 transaction would cost the Federal Government \$3. In some cases, agencies are accepting plastic card payments of large dollar transactions. Absorbing the high costs for processing those plastic card transactions is not in the Federal Government's best interest. For large dollar transactions, agencies must use other less expensive electronic alternatives for collecting these receipts. Therefore, to ensure that the Federal Government does not incur fees for large dollar plastic card transactions, FMS is limiting the types of cashflows and the dollar value of transactions for which agencies may accept plastic cards.

3. Policy on Plastic Card Collection Transactions

Agencies must limit their plastic card collections to cashflows that consist only of individual transactions less than or equal to \$99,999.99. If agencies' cashflows include individual transactions greater than \$99,999.99, then agencies should use another electronic collection alternative for those cashflows. Agencies may not split individual transactions greater than \$99,999.99 into two or more transactions. FMS will instruct the financial agents to reject any individual transactions greater than \$99,999.99.

Available electronic alternatives include Automated Clearing House debits or credits and Fedwire transactions. FMS will work with agencies to help implement these alternatives.

Agencies must change any regulations, policies, or other procedural documents to reflect this policy. Additionally, agencies must notify their remitters of this policy.

4. Agency Compliance

FMS will monitor agency compliance with this requirement and will provide assistance to agencies not in compliance or that request assistance. Depending on the agency's ability to comply with this bulletin, FMS may consider charging the agency the cost of any non-compliant transactions in accordance with I TFM 6-8000: Cash Management, Section 8080.

5. Effective Date

This bulletin is effective immediately.

6. Inquiries

Direct inquiries regarding this bulletin or plastic card collections, in general, to FMS' General Revenue Collection Division on 202-874-8919.



Richard L. Gregg
Commissioner

Date: February 15, 2005