

# ETA Initiative

Final Report

June 15, 1998



# Agenda

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- **Executive Summary**
- Background and Work Methodology
- Analysis of Demand and Supply
  - Geographic
  - Recipient
- ETA Product Options
- ETA Distribution Options
- Economic Analysis
- Recommendation
- Appendices

EFT '99 was enacted by the 104<sup>th</sup> Congress as part of the Debt Collection Improvement Act of 1996. Four elements are relevant for this work:

- Starting July 26, 1996, federal payments to newly-eligible recipients who have bank accounts must be made by EFT.
- After January 1, 1999, all federal payments, other than tax refunds, must be made by EFT.
- Treasury is directed to ensure that all recipients who are required to receive payments electronically will, for that purpose, have access to an account at a financial institution at a reasonable cost, with the same consumer protections as other account holders at that financial institution.
- The Secretary is authorized to grant waivers based on recipient hardship or where otherwise necessary.

*The Electronic Transfer Account (ETA) is intended to provide an EFT payment mechanism for federal benefit recipients who have not designated an account.*

Overall objective of this work: Assist Treasury in the finalization of ETA product specifications and network/distribution options to meet the EFT '99 mandate.

- Two major ETA product configurations were evaluated:
  - Consistent: Specific and consistent features, attributes, fees and brand on a national basis – every ETA offered by any financial institution would be identical.
  - Minimum Standards: Specific standards set for product features, attributes and fees – financial institutions would be able to offer their own version of an ETA, assuming that it meets these standards (similar to the way in which IRA products are offered today).
- Two major distribution network options were evaluated:
  - Franchise System: Any federally-insured financial institution can participate in the program, and thereby offer certified ETAs.
  - Commercial Distribution System: One Primary financial institution would be selected by the federal government to represent a particular geographic market.
    - One Primary FI per market
    - One Primary FI, working with several Secondary FIs to broaden distribution

The ‘Minimum Standards’ approach represents the best solution for Treasury regarding ETA product design.

- Consumer groups and financial institutions expressed significant favor of a ‘Minimum Standards’ approach (see Focus Group Summary in Appendix A).

Increases the likelihood of competition between financial institutions

Maximizes the likelihood that financial institutions will want to offer an ETA

Eliminates new product development cost and time on the part of many financial institutions, and therefore creates more attractive economics for FIs

Reflects the realities of local market conditions and consumer requirements (e.g., designed for branch or ATM access, depending on consumer desires)

- Three major issues:

The original concept of the ETA as a branded product with consistent attributes and fees nationally will need to change. The ETA will need to be positioned more as the IRA ‘brand’ is positioned today.

Consumer groups would like the ETA to have a price cap (i.e., monthly accountholder fees of no more than \$x). Financial institutions are against this, indicating that it will remove one of the potential benefits of competition – low price.

Disclosure requirements regarding ETA account features and costs need to be very clear.

# Executive Summary

# ETA Product Recommendation

The following set of minimum standards reflect the results of focus groups and economic analyses performed by Dove, and serve as the basis of the recommended ETA product design.

<b>Deposits:</b>	Direct deposit of direct federal funds only, via ACH
<b>Cash Access:</b>	Total of any two cash access opportunities monthly from any combination of On-us ATM and/or branch visits.  Unlimited On-line debit POS purchases with cashback, in accordance with merchant policy
<b>Information Access:</b>	Total of any two information access opportunities from any combination of ATM and/or branch visits to obtain account balances  Monthly statement mailed to ETA accountholders
<b>Cost:</b>	No minimum balance; No interest paid (FI earns float) \$3.00 monthly fee cap for ‘minimum requirements’ services \$1.00 fee cap on each incremental ATM and/or teller visit for either cash withdrawal or balance inquiry
<b>Debit Card Issuance:</b>	Same graphics standards and BINs as offered to other customers Reg. E compliance including disclosure and error resolution procedures 7 x 24 Call Center for notification of lost or stolen cards
<b>Eligibility:</b>	Participating FIs must provide a qualifying ETA to any direct federal benefit recipient who requests one

As envisioned, ETAs will be cash access accounts that utilize two well established distribution channels – ATMs and branches.

- ETAs are not...
  - A DDA or NOW account
  - A PC banking product
  - A telephone banking product
- FIs will have the flexibility to design ETA products that go ‘over and above’ minimum standards provided that additional features do not increase the fee beyond the \$3.00 monthly cap for standard services.
- FIs could compete with other FIs for ETA accounts by providing more feature-rich versions of ETAs, superior customer service and/or expanded cash access availability via ATM and branch channels.
- Additional feature fee services (ATM, branch, telephone) beyond the \$3.00 fee cap would be permitted, but at a maximum of \$1.50 per transaction, whether on-us or foreign ATM, or branch.
- Surcharges (ATM) outside of the ETA; cardholders could pay a surcharge if they choose to use certain ATMs.

# Executive Summary      Distribution Network Recommendation

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The 'Franchise System' represents the best solution for Treasury regarding distribution network, particularly in combination with the 'minimum standards' product.

- Both consumer groups and financial institutions (see focus group results in Appendix A) expressed significant favor of a 'Franchise System'.

- Increases the likelihood of choice among consumers due to the fact that several FIs may be offering ETAs within the same market

- Establishes a 'free market' system, where FIs can compete for consumers

- Does not necessarily advantage large FIs capable of serving a broader geographic market

- Teller access was identified in the focus groups as important for obtaining broad-based participation by smaller FIs and providing an entry point for migration of ETA accountholders to electronic banking channels in the future.

- Major issues:

- Increases the compliance burden on Treasury

- Disclosure requirements for ETA accounts to ensure accountholders understand the features, fees and procedures for changing FIs, if and when, accountholders choose to do so

- Public education about ETAs to help recipients make informed choices



Economics of the recommended product and distribution system should not create a major obstacle for financial institutions to offer ETAs to federal benefit recipients.

- The ‘minimum standards’ ETA as specified above could be offered by FIs on a basis that would provide a positive pre-tax profit contribution (see Appendix B).

### Monthly Pre-tax Profit Contribution Sensitivity

*Two Monthly Cash Access Opportunities at ATMs or Branches*

<b>Cash Access Mix</b>	<b>Two On-us ATM Cash Withdrawals and Two Balance Inquiries;  No Teller Visits</b>	<b>One On-us ATM Cash Withdrawal and One Balance Inquiry;  One Teller Visit</b>	<b>No On-us ATM Cash Withdrawals or Balance Inquiries  Two Teller Visits</b>
<b>Large FI</b>	<b>\$2.08</b>	<b>\$1.22</b>	<b>\$0.36</b>
<b>Small FI</b>	<b>\$1.64</b>	<b>\$0.88</b>	<b>\$0.12</b>

- Pre-tax profit contribution is based on estimated recurring revenues and costs. It excludes program start-up, account set-up, closure and reclamation costs.

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- Executive Summary

- **Background and Work Methodology**

- Analysis of Demand and Supply
  - Geographic
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Overall objective of this work: Assist Treasury in the finalization of ETA product specifications and network/distribution options to meet the EFT '99 mandate.

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- Two major distribution network options were evaluated:
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    - One Primary FI per market
    - One Primary FI, working with several Secondary FIs to broaden distribution

The following issues were addressed during this work:

- What is the optimum national geographic division of the financial agent designation to meet the objectives of the national acquisition?

Provide an analysis of alternatives in a manner allowing for executive evaluation of the pros and cons of each alternative and final decision.

- Identify specific issues to be addressed within the bidding process which would expedite an acquisition, maintain competition, meet Treasury objectives and maximize effective evaluation.

Analyze the issues in a manner allowing executive evaluation of the options to determine the benefits or detriments of implementing each recommendation.

- Identify and define actions which would eliminate or alleviate the appearance of designating a monopoly to a specific financial agent.

Analyze the alternatives in a manner allowing executive evaluation of each and ultimate decision of appropriate implementation.

In addition, the following secondary strategic questions were addressed:

- What impact on the economic relationships of financial institutions nationwide will each of these options have?
- By what parameters should the body of recipients who have not designated a financial institution be divided in order to adequately ensure maximum competition for this customer base?
- How can optimal competitive interests in providing the ETA be facilitated?
- What impact would opening up the availability of the ETA account to all federal recipients (not just those who have not designated an account) have on competition within the financial services industry and/or on the price of the account (assuming volume drives cost)?
- What impact will surcharging and/or recommended remedial actions have on:
  - The volume of anticipated account openings, and
  - The number of financial agents required to both provide adequate service and meet Treasury business objectives.

Treasury and Dove staff collaborated closely during the work.

- Weekly conference calls
- Bi-weekly review meetings with FMS staff and Mr. Hawke (at Treasury)

<u>Meeting Date</u>	<u>Topic</u>
March 3	Distribution options
March 11	Account design
March 24	Economic waterfall
April 16	Side-by-side distribution system comparison
April 24	Check recipients and ATM availability by market
May 6	Recipient analysis
May 21	Consumer and FI focus groups
June 4	Processor focus group

Primary data employed in the demand analyses include:

- Post Office AMS CD-Rom: zip codes in the U.S. and other territories (March 1998)  
Post Office: 42,017 zip codes in the U.S.
- Treasury disk: number of checks sent by zip code, including tax refunds (February 1998)  
Treasury: 26,782,289 checks adjusted down for tax refunds checks to 20,893,448 checks
- FDIC Web site: bank offices (branch and main office) in the U.S. with address (1998)  
FDIC: 72,036 offices in 18,346 zip codes
- Cirrus disk: U.S. ATM locations by zip code (Q1 1997)  
Cirrus: 97,436 locations in 16,645 zip codes
- Other sources included federal benefit programs, FMS reports, Federal Reserve Bank Shugoll Studies  
Booz, Allen Recipient Analysis by state and program (1997 and 1998)

During the work (and in this report) three terms require definition:

- Check Recipients: Federal benefit recipients who have not designated a financial institution
- ETA Prospects: Check recipients who do not have a bank account  
ETA prospects include Unbanked (*Mandatory EFT Demographic Study*)
- ETAs Accountholders: ETAs will be available to any direct federal benefit recipient



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- Executive Summary
  - Background and Work Methodology

- **Analysis of Demand and Supply**

Geographic

Recipient

- ETA Product Options
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Geographic maps were created to understand the alignment between the location of check recipients and potential ETA distribution points.

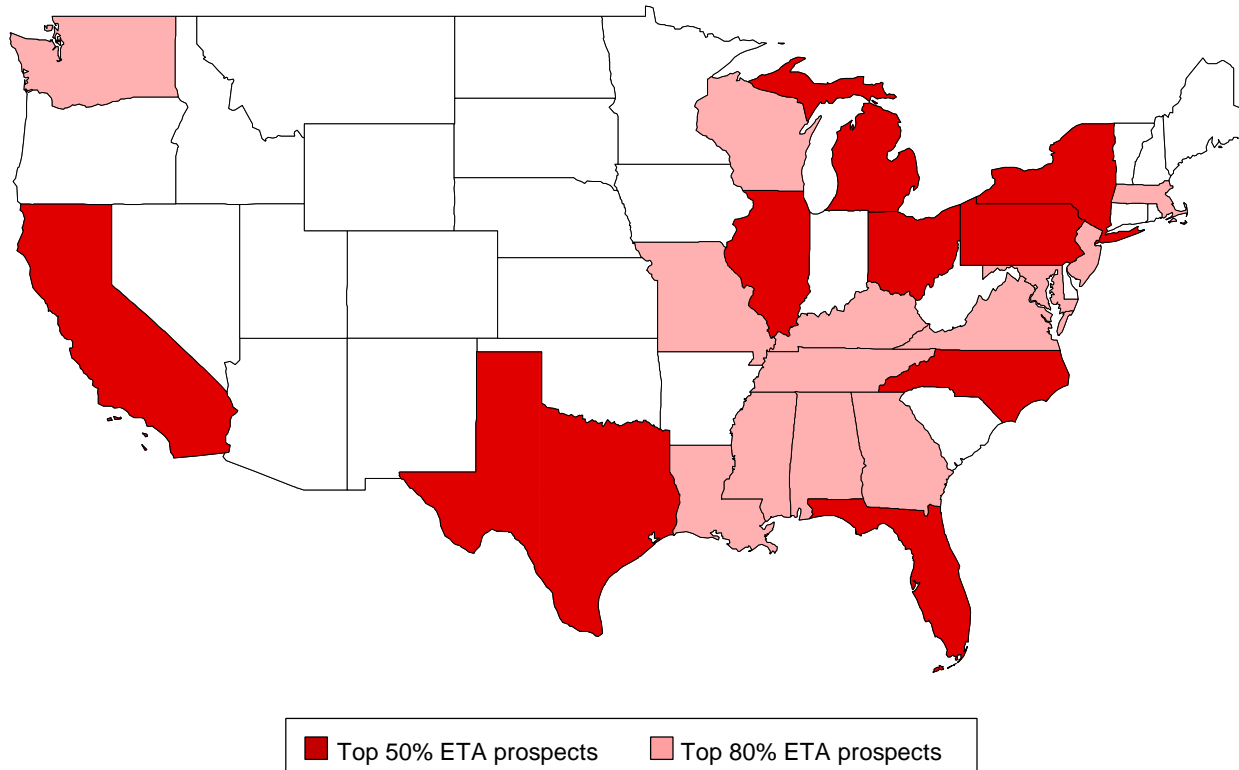
- Zip code analyses demonstrate that there is a considerable degree of check recipient concentration in a relatively small number of locations.
- A nearly parallel distribution of FI branches and ATMs was identified, which demonstrates that an excess of 90% of all check recipients have their checks sent to a zip code where either a FI branch or ATM are located.

*The banking system could support ETAs for at least 90% of federal benefit recipients who have not designated an account via the existing branch and ATM infrastructure.*

Geographic analysis of benefit check distribution suggests that 80% of check recipients reside in 23 states.

- Focusing on the top nine states could deliver 50% of ETA prospects.

### ETA Prospects Density by State



# Geographic Analysis

# Recipients by State

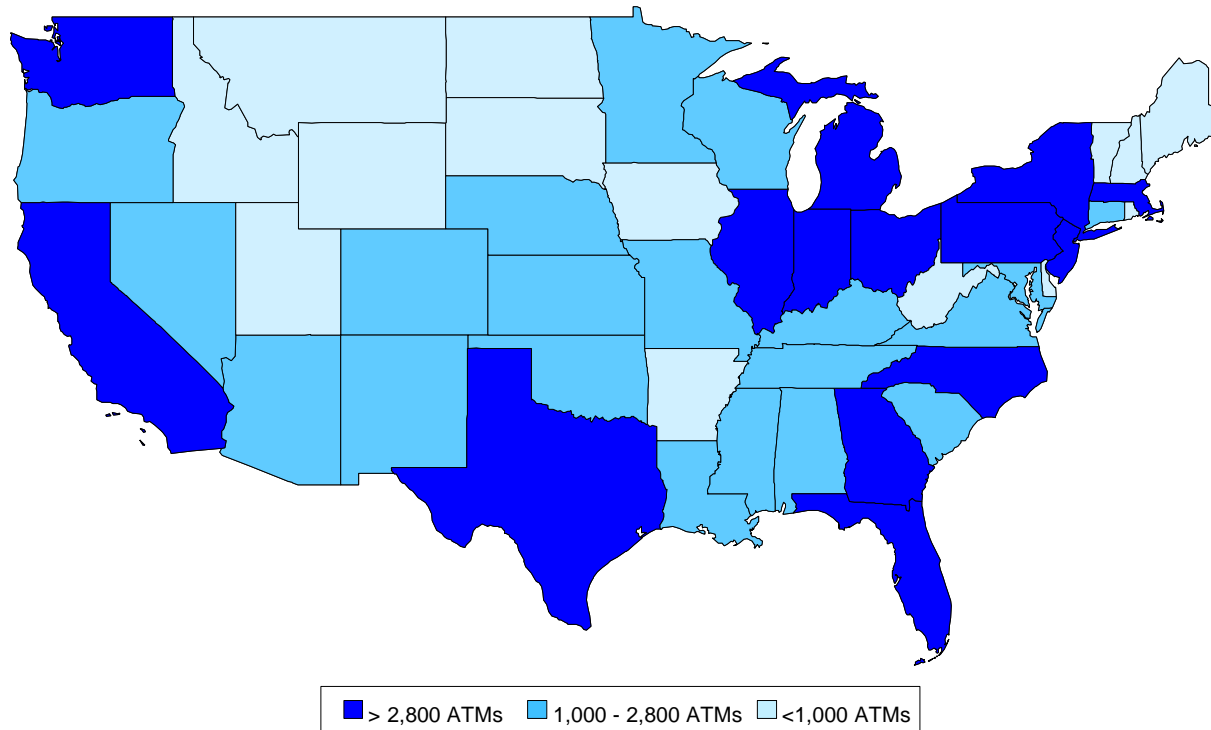
The February 1998 check distribution data shows that recipients are concentrated in a sub-set of states.

Rank	State	# Benefit Checks	Cumul. %	Rank	State	# Benefit Checks	Cumul. %	Rank	State	# Benefit Checks	Cumul. %
1	CA	2,243,811	10.7%	18	LA	401,159	71.2%	35	ME	136,919	94.3%
2	NY	1,526,368	18.0%	19	MD	400,757	73.1%	36	NM	136,128	95.0%
3	FL	1,381,637	24.7%	20	KY	390,602	75.0%	37	NE	124,625	95.6%
4	TX	1,263,314	30.7%	21	IN	385,505	76.8%	38	NV	104,686	96.1%
5	PA	1,070,369	35.8%	22	WA	377,650	78.6%	39	UT	104,550	96.6%
6	OH	894,296	40.1%	23	AZ	321,700	80.2%	40	RI	89,568	97.0%
7	IL	864,839	44.2%	24	SC	321,537	81.7%	41	ID	80,839	97.4%
8	MI	735,348	47.8%	25	MN	314,309	83.2%	42	HI	78,496	97.8%
9	NC	610,203	50.7%	26	MS	296,305	84.6%	43	NH	78,487	98.1%
10	NJ	590,691	53.5%	27	OK	281,242	86.0%	44	MT	70,350	98.5%
11	GA	542,253	56.1%	28	AR	264,184	87.3%	45	SD	61,402	98.8%
12	MA	517,995	58.6%	29	OR	240,909	88.4%	46	DE	54,035	99.0%
13	TN	484,144	60.9%	30	CT	238,010	89.5%	47	DC	51,532	99.3%
14	VA	478,640	63.2%	31	CO	235,792	90.7%	48	ND	50,522	99.5%
15	MO	443,821	65.3%	32	IA	230,422	91.8%	49	VT	45,779	99.7%
16	AL	426,283	67.3%	33	WV	199,104	92.7%	50	WY	32,532	99.9%
17	WI	405,460	69.3%	34	KS	195,011	93.7%	51	AK	24,217	100%
									<b>Total</b>	<b>20.9 MM</b>	<b>100%</b>

The 23 states covering 80% of check recipients also have high ATM coverage.

- States with the highest number of ATMs are the states that have the greatest number of ETA prospects.

### Number of ATMs by State

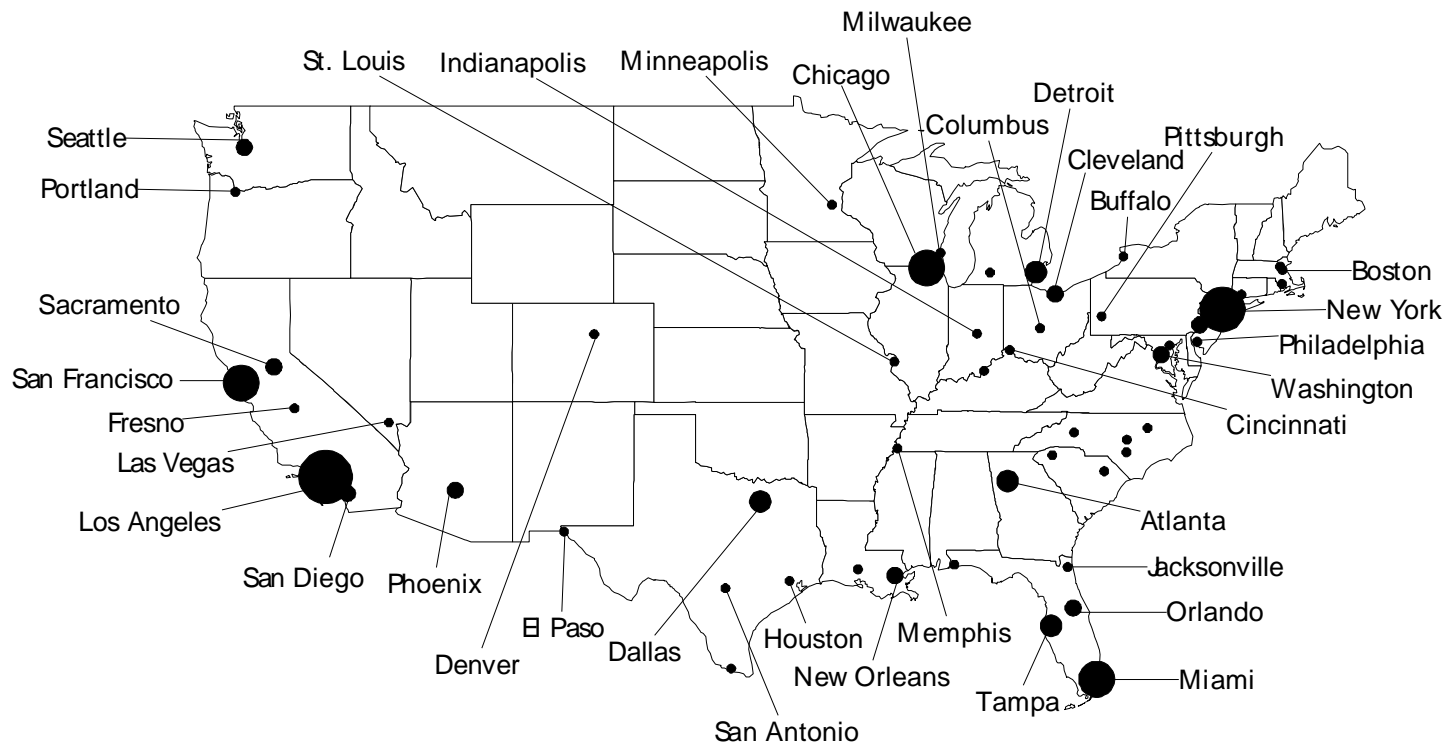


Source: Bank Network News, September 1997

Check distribution at an SCF (first three digits of a zip code) level analysis shows a concentration of check recipients in major cities.

- Los Angeles, New York, Miami, Chicago and San Francisco are the top five cities for check recipients.

## Benefit Checks at the SCF Level

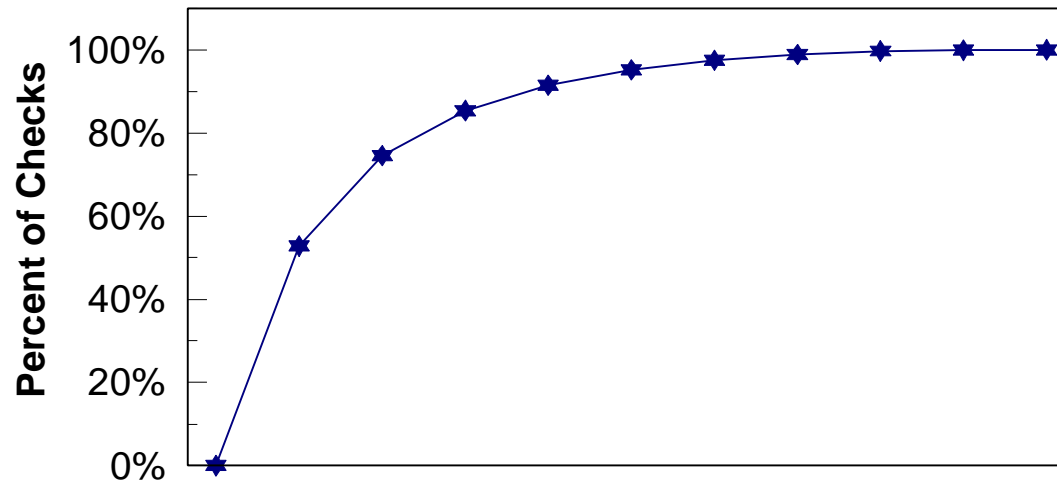


# Geographic Analysis

# Recipients by Zip Code

Full zip code analysis (5 digits) demonstrates that the top four deciles of zip codes (16,804 out of 42,017) receive 91.5% of the federal benefit checks volume.

**Check Cumulative Volume by Zip Code Decile**  
February 1998

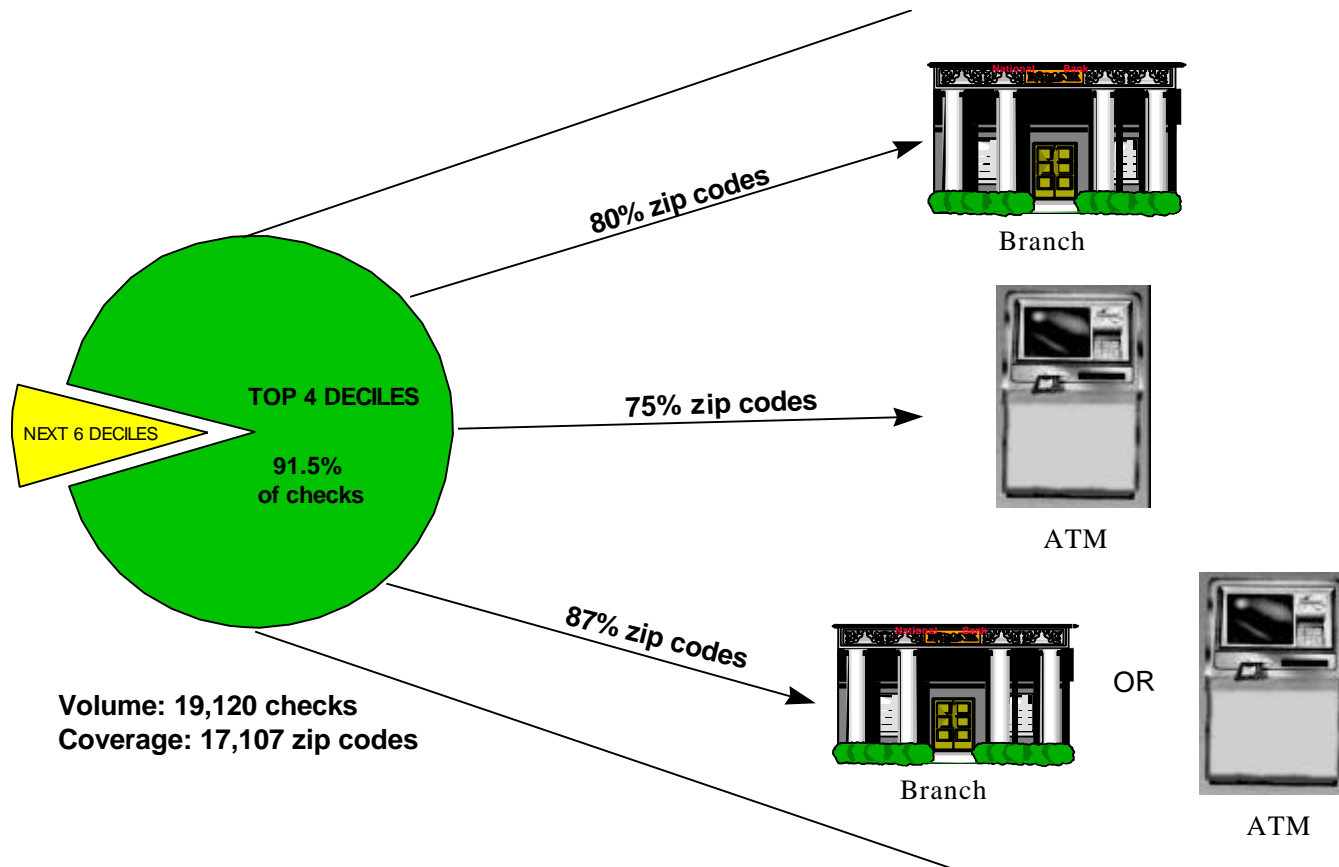


Percent of ZIP codes	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Percent of Checks	0.0%	52.8%	74.5%	85.4%	91.5%	95.2%	97.5%	98.9%	99.7%	99.9%	100.0%

FI 'points of availability' match check recipients locations.

- 87% of zip codes within the top four deciles (covering 91.5% of federal benefit check recipients) have either a branch, an ATM, or both.

## Access Infrastructure in the Top 4 Deciles

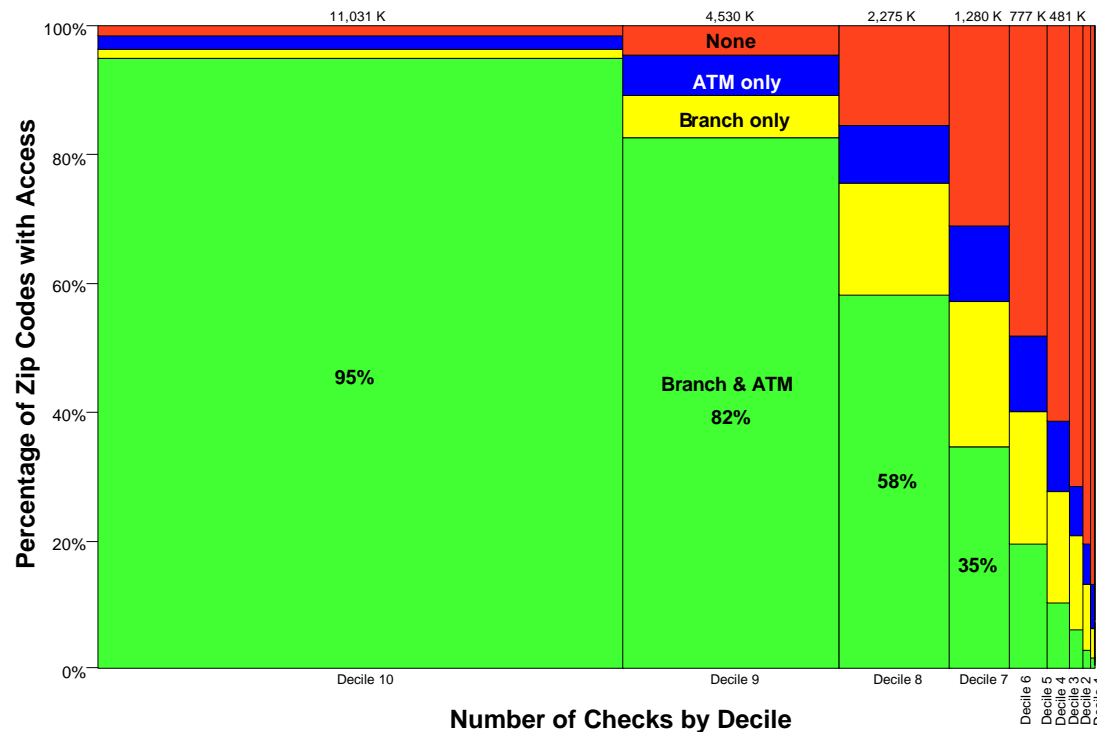




Branch and ATM access is greatest in Decile 10 where 95% of zip codes have both branches and ATMs and which collectively received 11MM federal benefit checks in February of 1998.

- 35% of Decile 7 zip codes, accounting for 1.3MM checks in February 1998 had both branches and ATMs.

### Type of Access and Number of Checks by Decile



The program to reach ETA prospects must recognize two fundamental issues:

- ‘ETA prospects’ who do not have an account at an FI represent 24% of the federal benefit check recipient population – approximately 5.2 to 6.5 million individuals.

Each of the zip codes in the top decile has an average of 600 ETA prospects. As a potential market for financial institutions, this may represent a fairly significant opportunity.

- ‘ETA prospects’ who do not have an account at an FI share demographic characteristics with individuals who do not prefer electronic banking solutions.

Having ETA prospects name an account for their federal benefit may not be achieved quickly with an all-electronic account.

# Recipient Analysis

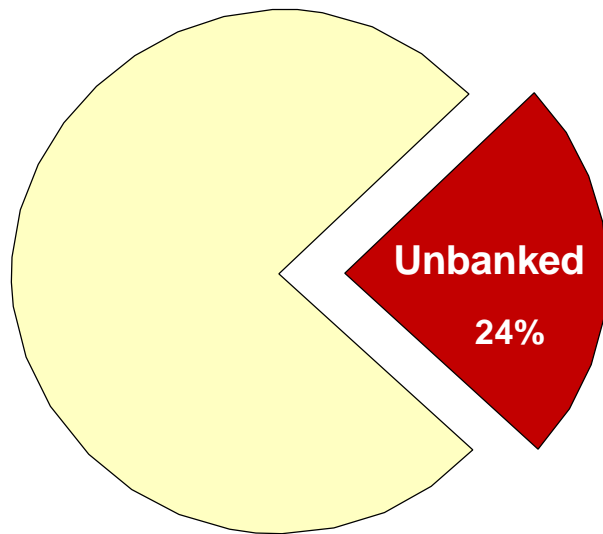
# Segmentation

Based on February 1998 check issuance data and 1997 programs data, at least five million direct federal benefit recipients may be ETA prospects.

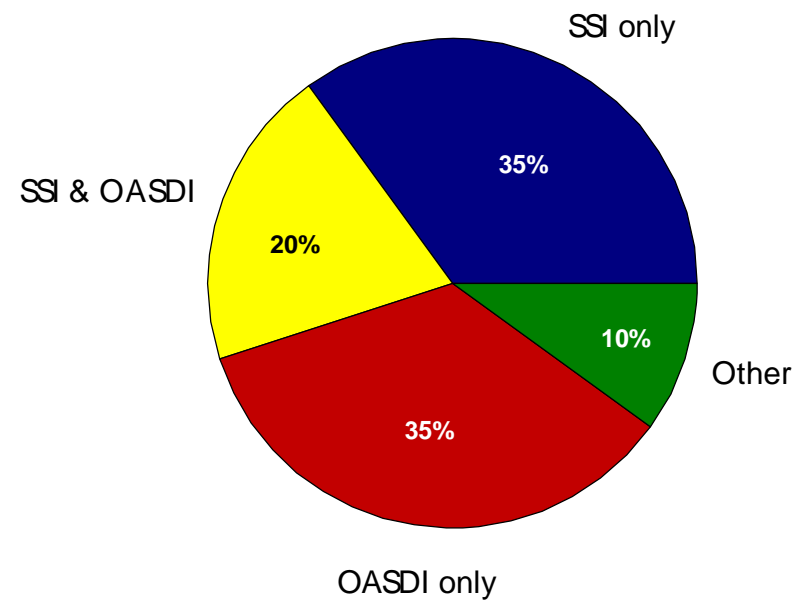
- SSI recipients represent 55% of ETA prospects, making this segment of direct federal benefit recipients a critical group to serve with ETAs.

As approximately 35% of SSI recipients use a representative payee, it may be necessary to develop ETA variations that meet their specific needs.

**Percent of ETA Prospects**  
**Total: 21MM Check Benefit Recipients**



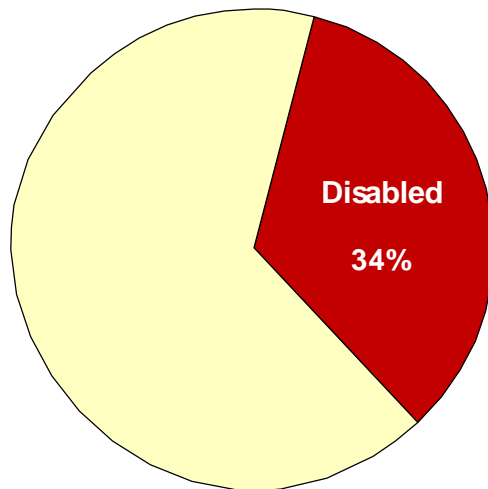
**ETA Prospects Benefit Programs Mix**  
**Total: 5MM ETA Prospects**



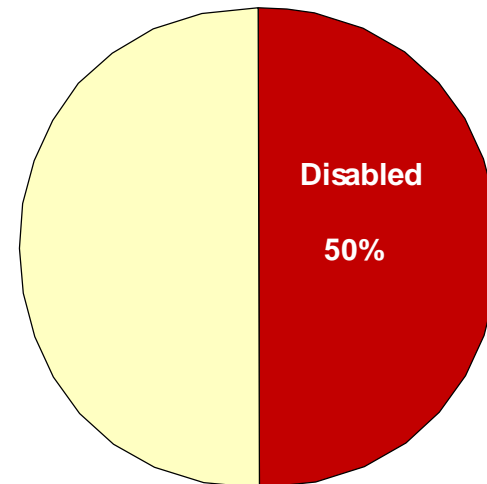
Consumer research indicates that ETA prospects average 61 years of age and may require ‘high-touch’ features to meet their financial needs.

- About half of this population shows some degree of disability which may make it more difficult for these recipients to access cash from ATMs.
- About 50% of the ETA prospects do not have a high school diploma and may be less comfortable using ATMs for cash access and balance information.

### All Recipients Characteristics



### ETA Prospects Characteristics

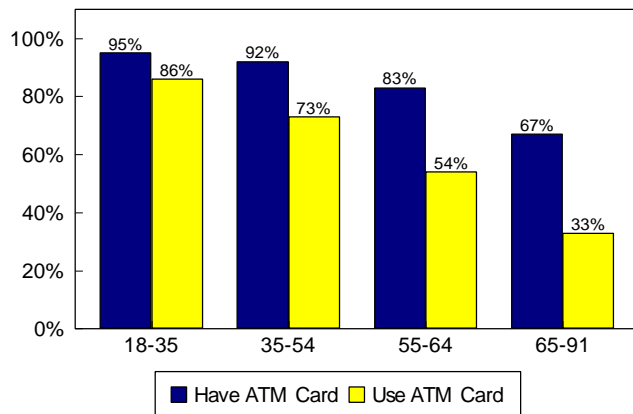


Source: FMS EFT Demographic Study OMB #1510-00-68, Social Security Administration, Dove Analysis

ETA prospect characteristics suggest a potentially slow adoption rate for ETA.

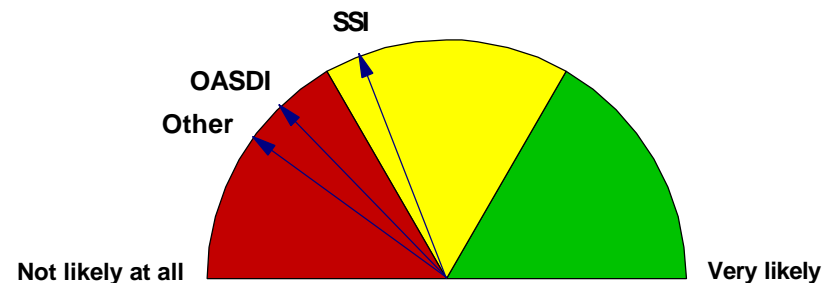
- Although ATM usage decreases with age, direct deposit usage is age independent.  
33% of consumers over 64 years old use an ATM card.  
Implication: Teller access might be very important to ETA prospects, and may be a valuable attribute of the ETA product.
- ETA prospects are not likely to enroll in a debit card product.

**ATM Usage by Age**



Source: Bank Network News, February 1997  
Study of 1,562 adults in Memphis and Atlanta

**Likelihood to Enroll in a Debit Card Product by Segment**



Source: FMS EFT Demographic Study OMB #1510-00-68,  
Dove Analysis

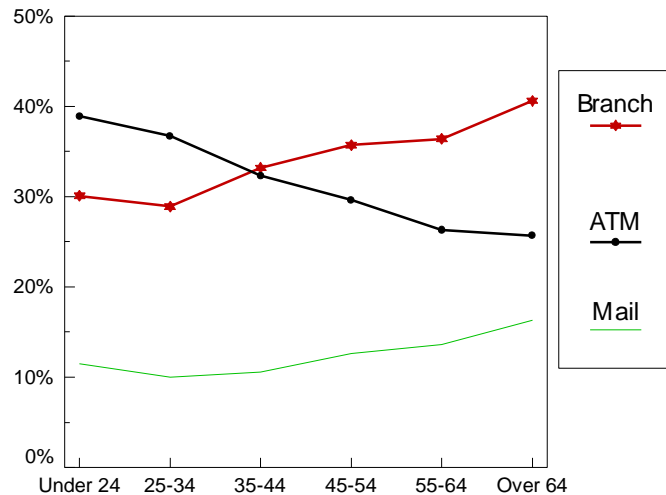
Older consumers tend to be branch-oriented.

- Over 75% of consumers aged 55 and older consider that banking at a branch is (very) convenient.

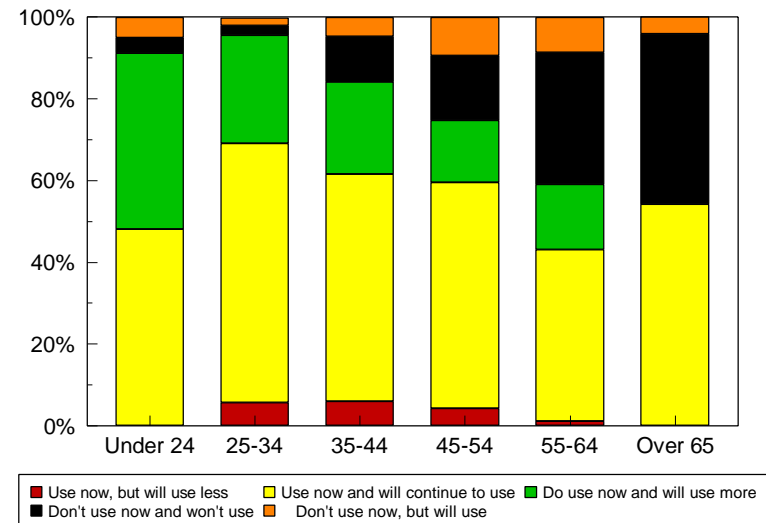
This group conducts more transactions at branches and fewer transactions at ATMs than other age groups.

The branch is their primary choice for any type of transaction, and they visit it weekly or every two weeks.

**Percent of Transactions by Channel and Age**



**Current and Future ATM Use**

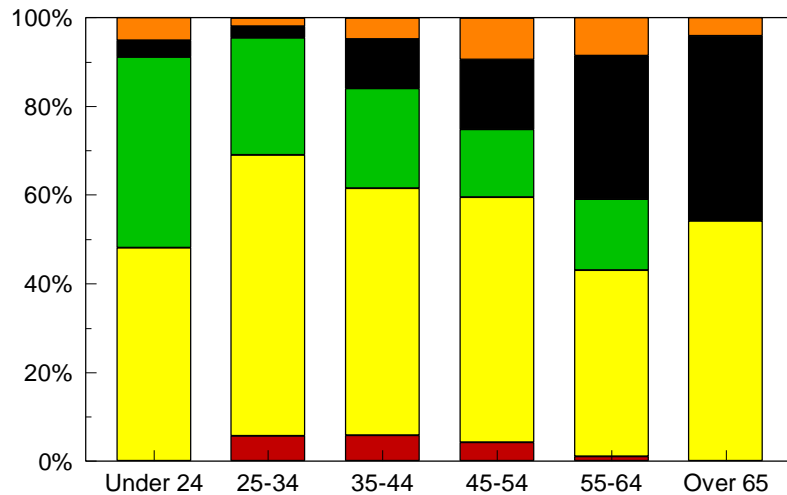


Source: 1997 Study on Consumer Banking Preferences, Dove Associates

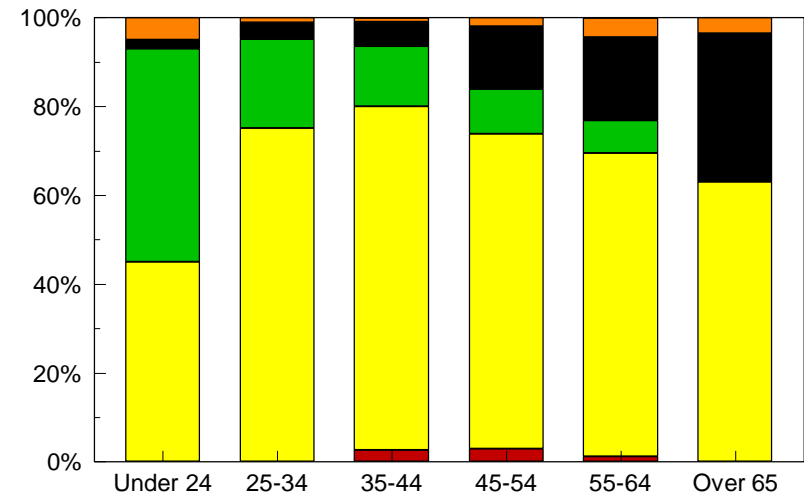
The number of ETA prospects will very likely decrease over time.

- Evidenced by the significant increase in direct deposits of federal benefits.  
 Percent of benefit checks dispersed fell from 47% to 42% during 1996.  
 ATM card usage is higher among younger citizens.

**Current and Future ATM Use in 1997**



**Current and Future ATM Use in 2007**



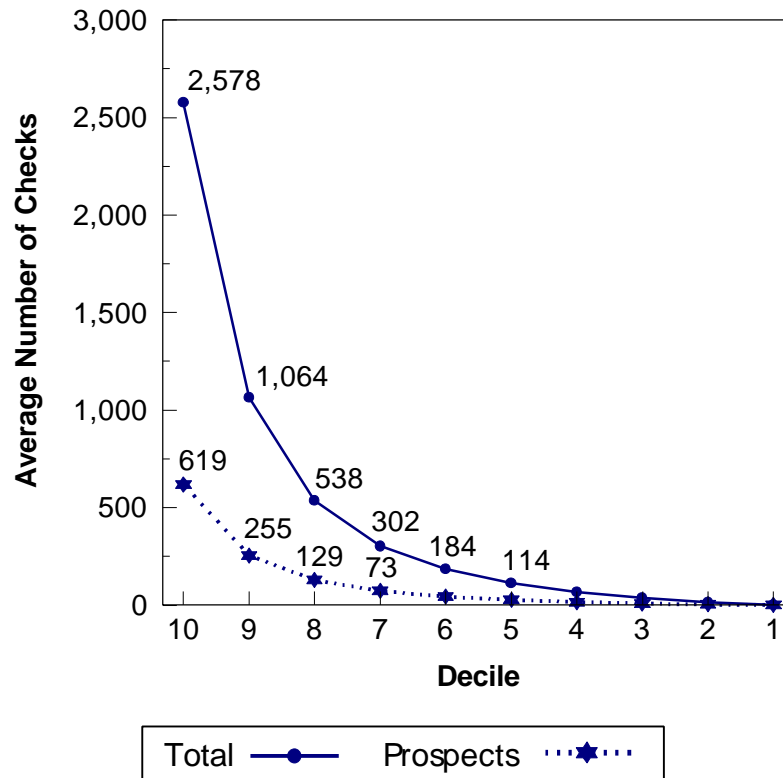
Use now, but will use less    
  Use now and will continue to use    
  Do use now and will use more  
 Don't use now and won't use    
  Don't use now, but will use

Source: 1997 Study on Consumer Banking Preferences, Dove Associates, Dove Analysis

Of the average 2,578 check recipients in the top 4,201 zip codes (decile 10), 619 (24%) may not have a bank account and may need an ETA.

- FIs will be most interested in ETA programs in the top three deciles (10, 9, 8).

### Average Number of Checks, per Zip Code, per Decile



Source: FMS, Dove Analysis (24% ETA prospects)



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- **ETA Product Options**

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# ETA Product Options

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Based on discussions with FMS staff and preliminary economic analyses, three ETA product configurations were developed and analyzed:

- All Electronic: The original ETA product design, providing for no teller access option
- Electronic and Teller Access: A modified version of the original design, allowing teller access
- Qualifying Account: A set of minimum standards that financial institutions must meet (including a cap on fees) in order to have their accounts qualify for ETA

*The Qualifying Account option was most strongly preferred by both consumers advocacy groups and financial institution representatives.*

# ETA Product Options

# Account Comparisons

All Electronic	Electronic and Teller	Qualifying
Access limited to <u>ATMs</u> owned by FI	Access limited to ATMs <u>or</u> <u>branches</u> owned by FI	Access provided through ATMs and/or <u>branches</u> (FI choice)
4 on-us ATM transactions monthly 2 withdrawals 2 balance inquiries	4 on-us ATM transactions monthly 2 withdrawals 2 balance inquiries  <u>and/or</u>	ATM monthly transactions Minimum of 2 on-us withdrawals Minimum of 2 on-us balance inquiries  <u>and/or</u>
7 x 24 Call Center access	Branch monthly usage 1 teller visit	Branch monthly usage Minimum of 1 teller visit
No POS transactions	Unlimited POS transactions	Unlimited POS transactions
No minimum balance	No minimum balance	No minimum balance
\$3.00 monthly fee paid by accountholder	\$3.00 monthly fee paid by accountholder	Cap on monthly accountholder fee to be established (\$3.00)

The Department of the Treasury/FMS conducted two focus groups on May 21, 1998 to gain feedback from consumer groups and FIs regarding the ETA.

- Participants agreed that the most attractive ETA structure and network will provide the greatest opportunity for consumer choice and FI competition.

Most attractive ETA structure: Qualifying – establishes minimum standards for the ETA

Most attractive ETA network: Franchise System – any federally-insured FI could provide ETAs

Category	Consumer Groups	Financial Institutions
Most Attractive Account Structure	Qualifying	Qualifying
Least Attractive Account Structure	All Electronic	All Electronic
Most Attractive Distribution Network	Franchise System	Franchise System

Note: See Appendix A for detailed product and feature definitions

Consumer and FI focus groups provided consistent input on key/attractive features of the ETA.

- POS capability
- Expanded ATM access beyond ‘on-us’ transactions, even if at an incremental cost to the recipient
- Branch access, even if at an incremental cost to recipients for those who elect it
- FIs should have the ability to offer added services and the flexibility to charge incremental ‘usage’ fees
- 7 x 24 Call Center access is the least important feature

The minimum requirement is a lost/stolen card reporting mechanism

The two groups offered contrasting opinions concerning a few product features.

- The most evident divergence pertained to the proposed \$3.00 cap on monthly fees.
  - Consumer groups felt the monthly fee cap should be determined by the federal government.
  - FIs felt the monthly fee cap should be driven by market/competitive forces.
- Although both groups agreed that recipients should have branch access, they disagreed on whether or not the added service should be included in the \$3.00 monthly fee cap.

Several issues were identified by focus group participants:

- Education – Members of the FI panel considered education to be more important than the ETA structure; consumer groups agreed that education is a critical component for the success of the ETA initiative.
- Choice/Flexibility – Participants from both focus groups agreed that product flexibility (i.e., allowing FIs to structure ETA account to meet certain minimum requirements) would increase FI and recipient participation.
- Competition – Allowing FIs the opportunity to design their ETA within minimum requirements would enhance competition, resulting in increased consumer choice.
- Incentives – Participants from both groups expressed a need to incent financial institutions and federal benefit recipients to ensure participation.
- Electronic vs. Branch Access – Both groups indicated a strong desire to provide access through both ATMs and branches, resulting in increased consumer choice and FI flexibility.

# ETA Product Options

## Pros

	<b>All Electronic</b>	<b>Electronic and Teller</b>	<b>Qualifying</b>
<b>Product</b>	Uniform Product Simplifies compliance	Uniform Product Permits gradual adoption of ATM cards	Broadest range of options; could include more features Most points of availability
<b>Customer Support</b>	Could be highly-automated using only VRUs	Branches offer personal support and education & training  Fewer language barriers	Branches offer personal support and education & training  Fewer language barriers
<b>Access</b>	Access limited to ATMs owned by FI	Safer access than ATMs for cash-oriented recipients	Greatest potential for wide-scale distribution
<b>Choice</b>	Limited to FIs with large ATM bases	Expanded choice of FIs	Consumers will have maximum choice
<b>ETA Fees</b>	\$3.00 per month	\$3.00 per month	FI's willing to charge less than \$3.00 per month
<b>FI Risk</b>	Hold a party and nobody comes	FI can 'know their customer' – less fraud	Same risk as other commercial accounts
<b>FI Costs</b>	Requires multi-lingual Call Center	Fee cap constrains ability to serve ETA customers	Leverages existing products/systems



# ETA Product Options

# Cons

	<b>All Electronic</b>	<b>Electronic and Teller</b>	<b>Qualifying</b>
<b>Product</b>	All Electronic will have slow adoption Highest waiver rate	May not meet specific needs of ETA customer	Will vary by FI; potential confusion
<b>Customer Support</b>	Impersonal/remote customer support Language barriers	Same as other commercial accounts	Same as other commercial accounts
<b>Access</b>	Limited to on-us ATM transactions	Likely limited to on-us ATM transactions	Same as other commercial accounts
<b>Choice</b>	Favors FIs with large ATM bases	May not be broad-based availability of FIs ATMs	Prospect steering to different products
<b>ETA Fees</b>	\$3.00 per month Will not be able to access full balances	\$3.00 per month	Could be priced at \$3.00 per month cap
<b>FI Risk</b>	Not likely to 'know' ETA customers	Same as other commercial accounts	Same as other commercial accounts
<b>FI Costs</b>	High costs for a new line of business	Up-front new product implementation costs	Compliance

To qualify as an ETA, the account must meet the minimum standards established by Treasury. However, FIs should be permitted to offer additional features and functionality to maximize competition and consumer choice.

- Option 1: FIs can add features within the cap fees.
- Option 2: FIs can offer more fully-featured deposit products outside of the ETA.
- Option 3: FIs can offer the ETA with incremental services at incremental fees.
- Pricing for the additional features will be established by the FI:
  - Additional ATM
  - Additional teller visits
  - Network ATM transactions
  - Bill payment via ACH (biller initiated)
  - Savings components
  - Telephone inquiries for balances
  - Lost or stolen card reissuance fee beyond the original card issued

- 
- Executive Summary
  - Background and Work Methodology
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  - ETA Product Options
  - **ETA Distribution Options**
  - Economic Analysis
  - Recommendation
  - Appendices

# ETA Distribution Options

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Two methods of distributing ETAs were examined:

- Franchise System: Any federally-insured financial institution can participate in the program, and thereby offer certified ETAs.
- Commercial Distribution System: One Primary financial institution would be selected by the federal government to represent a particular geographic market.
  - One Primary FI per market
  - One Primary FI, working with several Secondary FIs to broaden distribution

Responsibilities of FIs and the federal government under a Franchise System would include:

- Participating FI responsibilities:
  - Act as a financial agent for the Treasury responsible for Reg. E compliance
  - Market ETA accounts to all direct federal benefit recipients
  - Establish/enroll all federal benefit recipients who request an ETA account
  - Administer and maintain federally-insured ETA accounts for each accountholder
  - Receive and post benefit funds (hold float)
  - Provide ETA account customer service
  
- Federal government responsibilities:
  - Establishes standards for ETAs
  - Signs up FIs to act as financial agents
  - Provides ETA account public awareness and promotion campaign
  - Ensures compliance and certification

The financial agent selection process under the Franchise System would require that each participating FI be certified as meeting minimum criteria.

- Participation

  - Only federally-insured FIs would be eligible to become agent of Treasury

- Reasonable access must be demonstrated

  - Ownership of branches, ATMs and/or participation in shared ATM programs

- Ability to issue on-line debit cards

- Customer service (provide a toll-free telephone number for lost and stolen cards)

- Area to serve – open market – state, region, zip code

  - The Franchise System will not grant any exclusive rights, so FIs will be able to offer ETAs across as large a market area as they can support effectively.

The Franchise System creates an open system for participation of FIs, and includes several attractive principles:

- Convenience to ETA accountholders  
All federally-insured FIs could make their distribution resources available.
- High likelihood of achieving geographic coverage  
National coverage can be attained through an inclusive process similar to the ATM and ACH networks.
- Fairness – allows smaller FIs to participate directly  
Smaller FIs would not be excluded if they can meet the requirements of the ETA.
- Provides free market for offering the ETA (more level playing field)  
Competition may lead to more features and lower costs.
- The system is very straightforward and simple, without multiple layers between the federal government and the benefit recipients.

Despite the simplicity of the Franchise System, it has three potential disadvantages:

- It is not clear that the business case will be sufficiently attractive to incent FIs to participate, such that all geographic areas (including the top four zip code deciles covering 80% of the ETA prospects) will be covered.
- Given the number of ETA providers, the compliance role/activities may be much more costly than one FI assigned to cover a geographic area.
- The large potential number of ETA providers may limit scale benefits to any one FI in a market area (see product development cost curves in economic analysis).

If one FI captures the majority of ETA customers in a market area, they may be able to achieve lower unit costs by spreading fixed ETA program costs over a larger number of accounts than competitors with fewer ETA customers.

If ETA customers are equally distributed across a number of competing FIs, none are likely to attain advantages from economies of scale.



The federal government could make the business case more attractive for FIs, and therefore maximize the likelihood that all geographic markets are covered.

- Create a process whereby FIs offering ETAs successfully (i.e., ETA accounts are originated and serviced for a year) receive CRA credits consistent with the number of ETA accounts.
- Provide partial funding of set-up costs, although this action raises potential issues:
  - Should the federal government support account acquisition costs if an FI originates an ETA account and moves the cardholder to a more mainstream product shortly thereafter?
  - Should the federal government support account acquisition costs if significant churn exists (i.e., accounts are set up and deleted within a short time period)?

*We believe that the government should not provide funding for the establishment of ETAs at participating FIs (see page 73).*

The Franchise System would distribute potential economic benefits across all federally-insured FIs who voluntarily chose to offer the ETA accounts; no one FI would capture large scale economies.

- Under a voluntary system, there will not be any need to divide up customers. FIs that are interested will be able to promote their pricing and features as they compete with all other FIs.
- Flexibility in additional features will result in open competition for the ETA customers. Competition will be driven by service more than pricing.
- Opening up the ETA to all federal benefit recipients could impact the financial services industry.

If the ETA features and pricing provide a superior value than existing accounts held by recipients, substantial migration to ETAs may occur.

If the bill payment and savings features are absent, then other DDA products will not be substantially impacted.

The volume impact will adversely impact FIs as profitability of ETAs will be below the level of normal accounts. A migration to ETA accounts could lead to cannibalization of more profitable customers accounts.

Responsibilities of FIs and the federal government under a Commercial Distribution System would include:

- Primary FI responsibilities:

- Act as a financial agent for the Treasury responsible for Reg. E compliance

- Establish/enroll all federal benefit recipients who request an ETA account

- Maintain and administer individual federally-insured accounts for each ETA accountholder

- Issue and maintain ETA cards

- Receive and post benefit funds (hold float)

- Provide ETA account customer service

- Recruit Secondary FIs (provide start-up and ongoing support)

- Secondary FI responsibilities:

- Market ETA accounts

- Sign up ETA accountholders

- Provide limited number of surcharge-free withdrawals of ATMs or branches

- Federal government responsibilities:

- Signs up Primary FIs and ensures compliance

- Provides ETA account public awareness and promotion campaign

The financial agent selection process under the CDS would require that a competitive bidding process be conducted for long-term agreements.

- Participation as a Primary FI

- Only federally-insured FIs would be eligible.

- Capacity to expand ATM operations to serve each geographic area would have to be demonstrated.

- Debit card issuance

- 7 x 24 Call Center for notification of lost or stolen debit cards

- Ability to provide reasonable access through branches, ATMs and/or participation in shared ATM and on-line debit POS programs

- Participation as a Secondary FI

- Much less stringent – recruited by Primary FI

- Must be willing to provide reasonable access through either ATMs or branches

The Commercial Distribution System creates a multiple layer structure but includes some attractive principles:

- Uniformity of service within geographic regions
  - ETA product will have consistent features and pricing within each geographic region.
  - Simplified enrollment processes for SSA through the use of state-wide vendors that could utilize ‘dummy’ account set-up procedures.
- Economies of scale
  - Concentration of volume at the region level may provide a sufficient number of accounts to justify development expenses.
- Few organizations for the federal government to manage and monitor
  - Treasury will be able to certify each financial agent, who in turn will certify their own Secondary FIs.

Despite the uniformity of the CDS, it has five potential disadvantages:

- Does not maximize competition within each geographic region other than through an initial bid process
- Choice to consumers is limited
  - Origination choice but no ongoing service choice
- May favor FIs with:
  - Large distribution systems
  - 7 x 24 Call Centers
- Creates potential conflict through the establishment of a two-tier system
  - Roles/responsibilities of Primary and Secondary FIs
  - Fee sharing arrangements
  - Compliance
- Administering closure on agreement where all agreements would terminate at one time

# Commercial Distribution System      FI Participation Incentives

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The business case for Primary and Secondary FIs will likely center on two factors: hard-dollar revenues and CRA credits.

- CRA credits could be very influential in gaining the participation of FIs.  
Geographic analysis shows that many ETA prospects live in urban areas.
- Primary FIs will need to maximize float, POS interchange, incremental fee-based transactions and monthly account fees to generate sufficient revenues to support the ETA program.  
Treasury would need to offer additional financial benefits to help off set program start-up expenses. Two potential support mechanisms are:
  - Account set-up fees
  - Compensating balances
- Secondary FIs would need to be provided with an acceptable business case.  
Revenue sharing will need to be sufficient to compensate Secondary FIs for the support, access and convenience they would provide to ETA accountholders.  
Restrictions on the ability of Primary FI direct marketing activity would be necessary to minimize channel conflict in the two-tier distribution system.

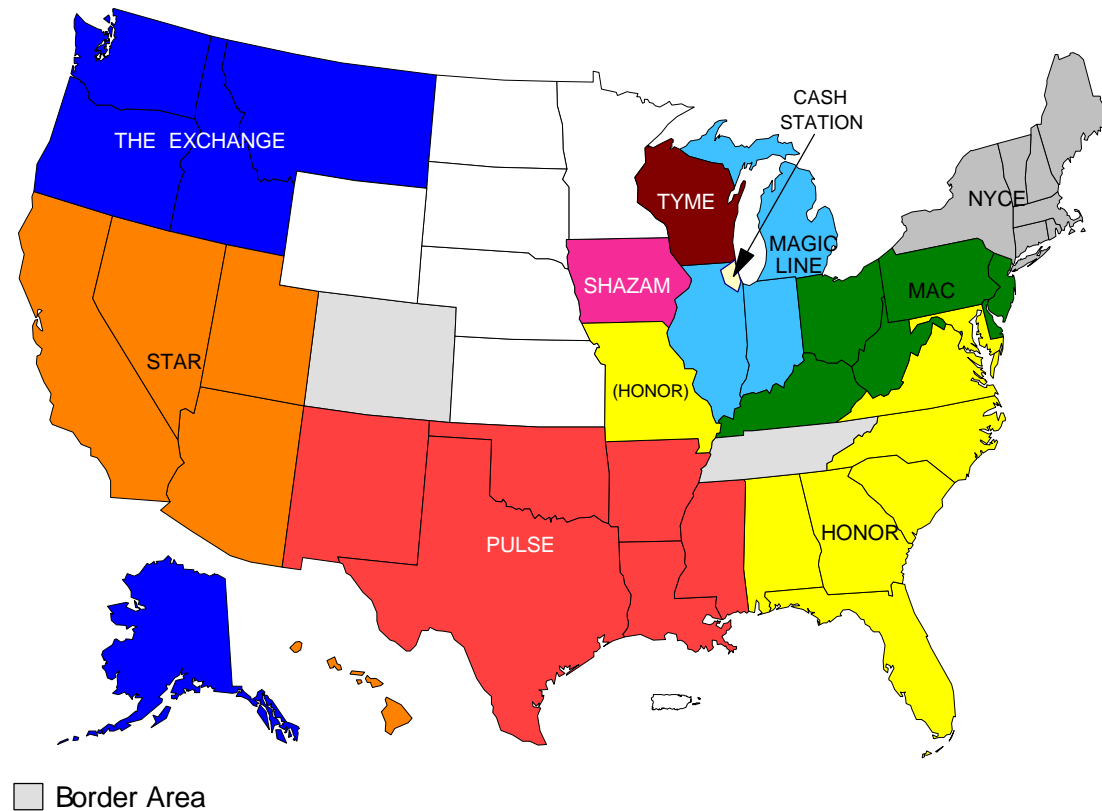
# Commercial Distribution System

# Regional Configuration

The Commercial Distribution System would be most effective if Primary FIs were aligned with the geographic areas served by ATM networks.

- Networks have different operating rules, graphic standards, reporting and pricing.

## EFT Regional Networks





# ETA Distribution Options

# Franchise System

	<b>Pros</b>	<b>Cons</b>
<b>Geographic Coverage</b>	Greatest potential for broad-based distribution	Potential of some locations having limited access
<b>FI Participation</b>	Open system; all federally-insured FIs can participate	FIs in areas with fewer prospects may choose to not participate
<b>Competition</b>	Level playing field	Federal benefit recipients will need to choose an FI and a product
<b>Choice</b>	Maximum choice to consumers; multiple FI products within each region	
<b>Economics</b>	\$3.00 per month provide net positive profit contribution*  Opportunity to sell more services and products	
<b>FI Risk</b>	Opportunity to ‘know ‘ the customer	Same risk as other accounts

\* See economic analysis

# ETA Distribution Options

# Commercial Distribution System

	<b>Pros</b>	<b>Cons</b>
<b>Geographic Coverage</b>		<p>May be no bidders for some regions</p> <p>Access may be limited to ATMs owned by Primary FI</p>
<b>FI Participation</b>	Inclusive system permits Smaller FIs to participate as Secondary FIs	Exclusive system for Primary FIs within a market area
<b>Competition</b>	Bidding process may ensure that economies of scale are shared with accountholders	Only the largest FIs will have the resources to provide region-wide ETA programs
<b>Choice</b>		Limited options; one product within each region
<b>Economics</b>	Volume concentration on a limited number of Primary FIs resulting in economies of scale	\$3.00 fee will not support a tiered system*
<b>FI Risk</b>		Limited opportunity to ‘know ‘ the customer could increase reclamation and fraud costs

\* See economic analysis

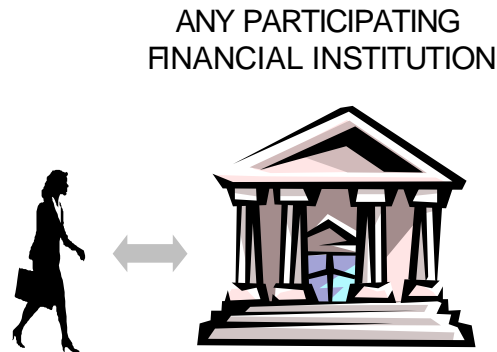
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# Economic Analysis

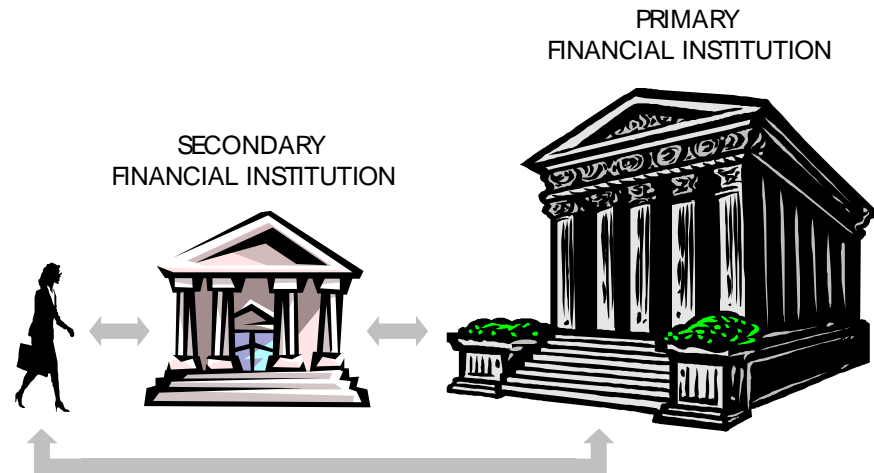
Waterfall analyses were conducted to test the potential economic flows under alternative product configurations and distribution networks.

- In the Franchise model all revenue and cost flows remain within a single FI.
- In the CDS model, revenue and costs must be divided among multiple independent FIs.

## Franchise System



## Commercial Distribution System



The following product assumptions were used to assess the economic viability of the proposed Franchise ETA (see Appendix B for sensitivities):

- Assumed number of monthly transactions included in the base fee:
  - Two on-us cash withdrawals at ATM
  - Two on-us balance inquiries at ATM
  - One teller transaction
  - Four POS transactions
- Monthly Statement mailed to recipient
  - 7 x 24 Call Center to notify FI/processor of lost or stolen cards
- No minimum balance; no interest paid (FI earns float income)
- Direct deposit of direct federal funds only, via ACH (no attachments)
- Debit card issuance using same graphics standards and BINs offered to other customers
  - Reg. E compliance – mailing and provision of statements and literature at inception.
- Account closure and reclamation expenses are not included in the waterfall as they assumed to be equal to the costs for other accounts used by benefit recipients.

# Economic Analysis

# Franchise System

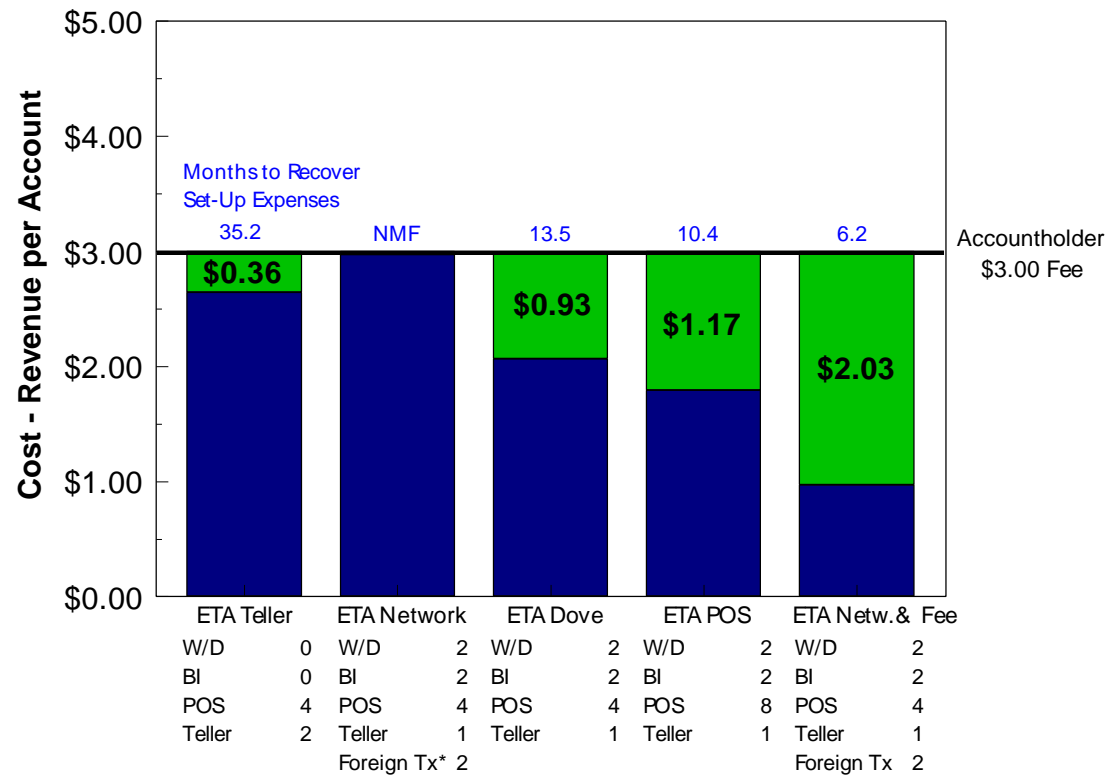
The ETA could generate a contribution to profit of approximately \$0.93 monthly for an FI.

- Payback of set-up expenses assumed at an average \$12.61 incremental expense will require 13.5 months (see Appendix B for cost detail).
- Assumes no incremental fee income from cardholder services over and above these included in the \$3.00 monthly fee (e.g., use of ‘foreign’ ATMs, additional visit to ATMs, etc.)

		Per Unit	Monthly Quantity	Monthly Cost	Total
<b>ETA Monthly Revenue</b>	Monthly Account Fee	\$3.00	1	\$3.000	
	POS Income	\$0.022	4	\$0.088	
	Float (Minimum)	\$654.91		\$0.380	
	<b>Sub-total</b>				<b>\$3.468</b>
<b>Customer Service</b>	Teller Visit	\$1.15	1	\$1.150	
	Reg. E Statements	\$0.50	1	\$0.500	
	Lost and Stolen Call Center	\$10.00	1%	\$0.100	
	<b>Sub-total</b>				<b>\$1.750</b>
<b>Transaction Processing</b>	Tandem DP Processing per Txn	\$0.0481	8	\$0.385	
	CAS Account Maintenance per Month	\$0.0175	1	\$0.018	
	<b>Sub-total</b>				<b>\$0.402</b>
<b>ATM Expenses</b>	Withdrawals	\$0.108	2	\$0.216	
	Balance Inquiries	\$0.083	2	\$0.166	
	<b>Sub-total</b>				<b>\$0.382</b>
	<b>Total recurring monthly costs for FI</b>				<b>\$2.534</b>
	<b>Pre-tax Profit Contribution</b>				<b>\$0.934</b>
	<b>Set-Up Expenses for Financial Institution</b>				<b>\$12.61</b>
	<b>Months to Recover Set-Up Expenses</b>				<b>13.5 months</b>
	<b>7 yr. NPV @ 15% (Hurdle rate)</b>				<b>\$35.78</b>

Depending on a specific product structure, Franchise System provides an acceptable monthly account pre-tax profit contribution for FIs and convenient access for ETA prospects.

### Sensitivity Analysis -- Access



\* Foreign transactions covered within \$3.00 price cap;  
 ETA Netw. & Fee: revenue includes \$1.00 fee per foreign ATM transaction  
 See Appendix B for Float Assumptions

The Commercial Distribution System may require network transactions to provide sufficient access to ETA accountholder funds.

- Assumed number of included transactions monthly at ETA card issuer's ATMs
  - Two on-us cash withdrawals at ATMs
  - Two on-us balance inquiries at ATMs
  - One teller transaction
  - Four POS transactions
  - Free ATM transactions available at regional network ATMs
  - Cardholders that exceed these conditions would be assessed the same fees as basic DDA customers and would need to pay any convenience fees assessed by other ATM owners.
- Monthly statement mailed to recipient
- 7 x 24 Call Center for customer service and to notify of lost or stolen cards
- No minimum balance; no interest paid (FI earns float income of \$0.38 monthly)
- Direct deposit of direct federal funds only via ACH
- Debit card issuance in the same standards as the FIs' other customers
  - Reg. E compliance – mailing and provision of statements and literature at inception



# Economic Analysis

# Commercial Distribution System

Scenario One – On-us ATM usage only – provides limited revenue streams to incent FI participation – profit contribution of \$0.39 per account per month, divided between Primary and Secondary FIs.

SCENARIO ONE -- ON-US TRANSACTIONS ONLY		Per Unit	Monthly Quantity	Monthly Cost	Total
<b>ETA Monthly Revenue</b>	Monthly Account Fee	\$3.000	1	\$3.000	
	POS Income	\$0.022	4	\$0.088	
	Float (Minimum)	\$654.910		\$0.380	
	<b>Sub-total</b>				<b>\$3.468</b>
<b>Customer Service</b>	Teller Visit	\$1.150	1	\$1.150	
	7x 24 Telephone Support -- Ongoing	\$0.540	1	\$0.540	
	Reg. E Statements	\$0.500	1	\$0.500	
	Lost and Stolen Call Center	\$10.000	1%	\$0.100	
<b>Sub-total</b>				<b>\$2.290</b>	
<b>Transaction Processing</b>	Tandem DP Processing per On-us Txn	\$0.048	8	\$0.385	
	CAS Account Maintenance per Month	\$0.018	1	\$0.018	
<b>Sub-total</b>				<b>\$0.402</b>	
<b>ATM Expenses</b>	Withdrawals	\$0.108	2	\$0.216	
	Balance Inquiries	\$0.083	2	\$0.166	
<b>Sub-total</b>				<b>\$0.382</b>	
<b>Total Recurring monthly costs for Primary FI</b>					<b>\$3.074</b>
<b>Pre-tax Profit Contribution for Primary FI</b>					<b>\$0.394</b>
<b>Set-Up Expenses for Financial Institution</b>					<b>\$ 12.61</b>
<b>Months to Recover Set-Up Expenses</b>					<b>32 months</b>
<b>7 yr. NPV @ 15% (Hurdle rate)</b>					<b>\$ 7.79</b>

# Economic Analysis

# Commercial Distribution System

Scenario Two – Regional network ATM model – will make the ETA unattractive to Secondary FIs – profit contribution of (\$0.51) per account per month, to be absorbed by Primary and Secondary FIs.

SCENARIO TWO -- REGIONAL ATM TRANSACTIONS PERMITTED		Per Unit	Monthly Quantity	Monthly Cost	Total
<b>ETA Monthly Revenue</b>	Monthly Account Fee	\$ 3.000	1	\$ 3.000	
	POS Income	\$ 0.022	4	\$ 0.088	
	Float (Minimum)	\$ 654.910		\$ 0.380	
	<b>Sub-total</b>				<b>\$ 3.468</b>
<b>Customer Service</b>	Teller Visit	\$ 1.150	1	\$ 1.150	
	7 x 24 Telephone Support -- Ongoing	\$ 0.540	1	\$ 0.540	
	Reg. E Statements	\$ 0.500	1	\$ 0.500	
	Lost and Stolen Call Center	\$ 10.000	1%	\$ 0.100	
	<b>Sub-total</b>				<b>\$ 2.290</b>
<b>Transaction Processing</b>	Tandem DP Processing per On-us Txn	\$ 0.048	8	\$ 0.385	
	CAS Account Maintenance per Month	\$ 0.018	1	\$ 0.018	
	<b>Sub-total</b>				<b>\$ 0.402</b>
<b>ATM Expenses</b>	Withdrawals	\$0.108	2	\$0.216	
	Balance Inquiries	\$0.083	2	\$0.166	
	<b>Sub-total</b>				<b>\$0.382</b>
<b>ATM Network Exp.</b>	Withdrawals	\$ 0.508	1	\$ 0.508	
	Balance Inquiries	\$ 0.301	1	\$ 0.301	
	<b>Sub-total</b>				<b>\$ 0.808</b>
<b>Total Recurring monthly costs for Primary FI</b>					<b>\$ 3.979</b>
<b>Pre-tax Profit Contribution for Primary FI</b>					<b>\$ (0.511)</b>
<b>Set-Up Expenses for Financial Institution</b>					<b>\$ 12.61</b>
<b>Months to Recover Set-Up Expenses</b>					<b>NMF</b>
<b>7 yr. NPV @ 15% (Hurdle rate)</b>					<b>(\$39.09)</b>

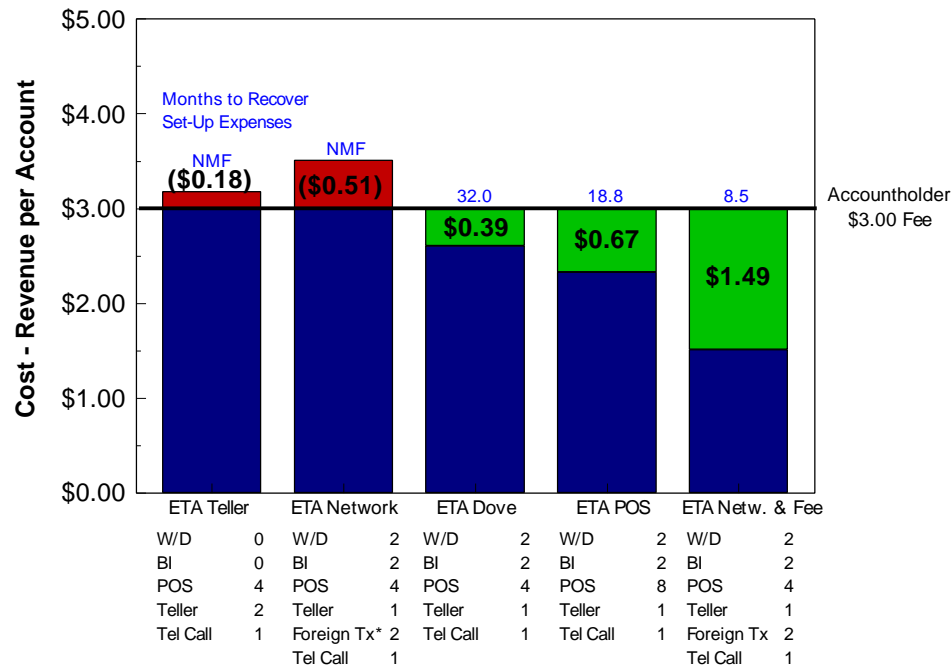
# Economic Analysis

# Commercial Distribution System

Without additional foreign ATM fees, the CDS as modeled does not provide a sufficient monthly account revenue to encourage participation by Primary or Secondary FIs.

- This analysis assumes that the Primary FI's Call Center will need to provide ETA accountholders information unavailable at the Secondary FI's branch.

### Sensitivity Analysis -- Access



\* Foreign transactions covered within \$3.00 price cap;  
 ETA Netw. & Fee: revenue includes \$1.00 fee per foreign ATM transaction  
 See Appendix B for Float Assumptions

Account origination and card issuance expenses aside, the Commercial Distribution System will require fees in excess of \$3.00 per month to incent FI participation in the ETA program.

- Additional cardholder ATM usage fees, similar to those assessed for other ATM customers must be permitted to encourage FI participation.

### Cost Assumptions:

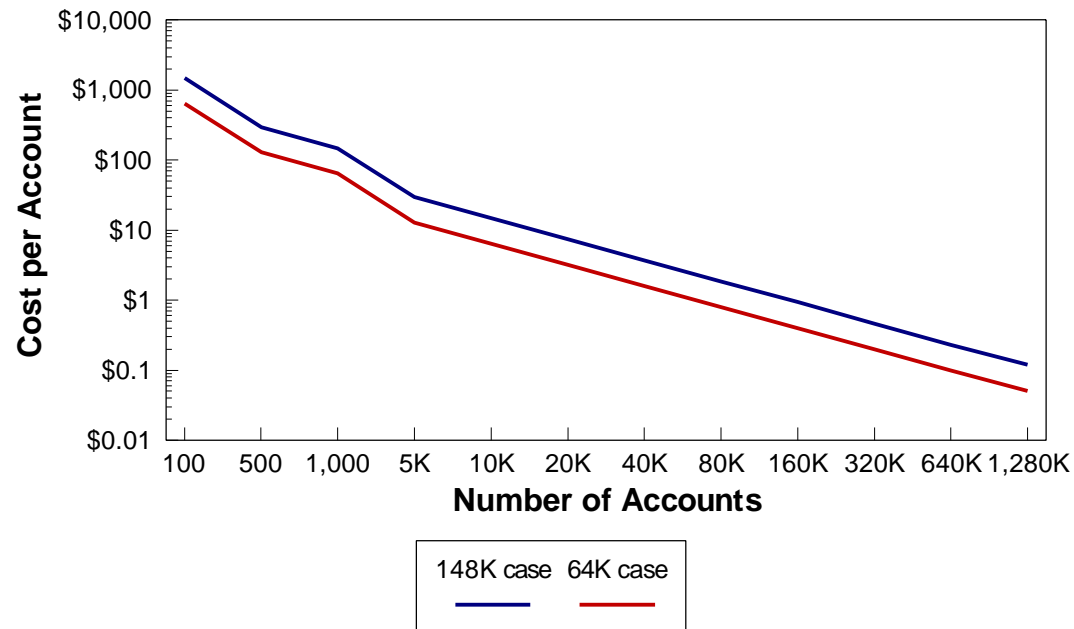
- Dove cost estimates for account origination and card issuance of \$12.61 are based on an in-branch personal ETA account establishment process similar to that used for DDA accounts with ATM card issuance for an FI that annually issues between 20,000 and 40,000 on-line debit cards.
- Coopers & Lybrand's study estimated account set-up costs for a telephone Call Center-based remote enrollment process for large and small FIs.

A critical barrier to offering ETAs is the cost of developing an ETA account/product.

- The cost of developing an ETA product could range from \$64,000 to \$148,000 for an FI – a significant investment given the low pre-tax contributions.

ETA system development costs for an FI could be in the range of \$6 to \$15 per account if they are able to establish 10,000 ETA accounts.

### Potential FI Development and Implementation Cost per Account



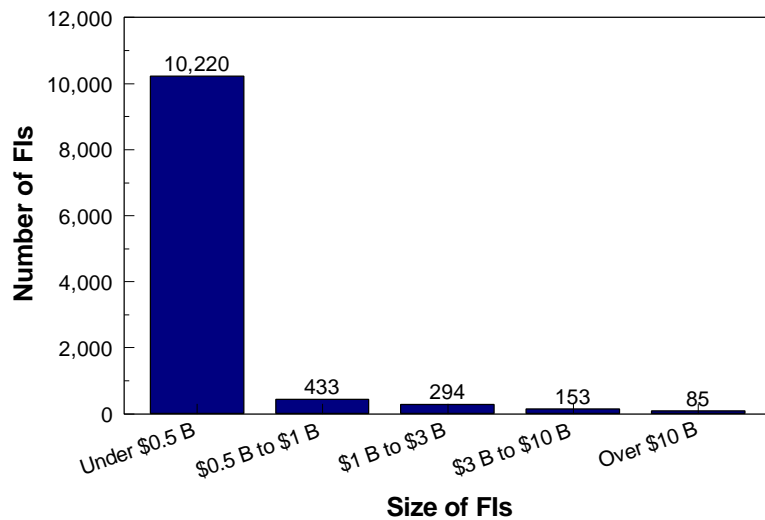
# Economic Analysis

# Product Development Cost

Consolidating development at third-party processors may be an effective mechanism for gaining scale economies and thereby expanding the potential FI base that can afford to offer the ETA.

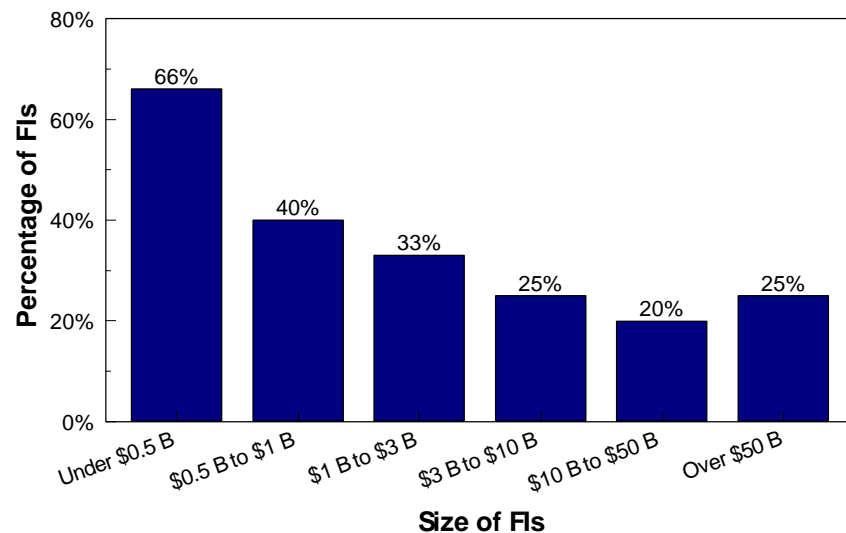
- Approximately 7,000 FIs use third-party processors.
  - Thousands of small FIs already depend on third-party processors for item and debit card processing.

### Number of FIs by Asset Size



Source: FDIC

### Percent of FIs Outsourcing by Asset Size



Source: Bank Technology Directory by Faulkner & Gray, Outsourcing in Banking by Computer-based Solutions Inc, Dove Analysis

# Economic Analysis

# Product Development Cost

Although third-party processors share economies of scale with their clients, smaller FIs tend to pay higher fees for ATM transactions than larger FIs.

- As modeled, small FIs will generate \$0.49 per month per ETA account.

		Per Unit	Monthly Quantity	Monthly Cost	Total
<b>ETA Monthly Revenue</b>	Monthly Account Fee	\$3.00	1	\$3.000	
	POS Income	\$0.022	4	\$0.088	
	Float (Minimum)	\$654.91		\$0.380	
	<b>Sub-total</b>				<b>\$3.468</b>
<b>Customer Service</b>	Teller Visit	\$1.15	1	\$1.150	
	Reg. E statements	\$0.50	1	\$0.500	
	Lost and Stolen Call Center	\$10.00	1%	\$0.100	
	<b>Sub-total</b>				<b>\$1.750</b>
<b>Transaction Processing</b>	On-us ATM Transactions	\$0.1000	4	\$0.400	
	File Hosting per Month	\$0.0500	1	\$0.050	
	POS transactions (4 POS)	\$0.1000	4	\$0.400	
	<b>Sub-total</b>				<b>\$0.850</b>
<b>ATM Expenses</b>	Withdrawals	\$0.108	2	\$0.216	
	Balance Inquiries	\$0.083	2	\$0.166	
	<b>Sub-total</b>				<b>\$0.382</b>
<b>Total recurring monthly costs for FI</b>					<b>\$2.982</b>
<b>Pre-tax Profit Contribution</b>					<b>\$0.486</b>
<b>Set-Up Expenses for Financial Institution</b>					<b>\$12.61</b>
<b>Months to Recover Set-Up Expenses</b>					<b>25.9 months</b>
<b>7 yr. NPV @ 15% (Hurdle rate)</b>					<b>\$12.58</b>

The issue of product development (and associated costs) can be avoided by adopting the ‘minimum requirement’ product structure.

- Many FIs have existing products that meet the minimum requirements, thereby eliminating the need for any product development.

FI representatives at the focus group conducted on May 21 indicated that they already have products that qualify, even with the \$3.00 monthly cap on fees.

- FIs that do not have an existing product will have to develop or leverage a third-party processor relationship.
- Participants at the processor focus group identified that table-driven software will permit ‘flags’ to be set easily that will enable FIs to meet ETA product requirements .
- If different ATM card issuance procedures are required to prevent usage during off-line/stand-in periods, then unique BINs, plastics, cardbases and authorization files will need to be maintained at an increased expense.

Rules that are inconsistent with regional ATM network rules may constrain the opportunity for POS interchange revenue and enhanced float.



Third-party processors identified several issues:

- Cardbase implications could affect transaction authorization operations
  - Increased cost of maintaining separate cardbases
  - Difficulty in obtaining sufficient number of unique BINs from ISO/ABA
  - Procedures for recovering funds dispensed when system was off-line
- The 'no minimum balance' feature will require some FIs to change by-laws and/or modify system software to satisfy ETA standards for qualification.
  - Many FIs have procedures and systems which automatically close zero-balance accounts
  - Some FIs have by-laws that require minimum balances for all accounts; they will need to modify their rules to qualify for ETAs.
- Pricing of cards must be appropriate to communicate value and disincent excessive reissuance (e.g., \$8- \$15 for a replacement card).
- Pricing of ETAs must create a level playing field and reflect the value provided by the ETA relative to supermarket and check cashers.
  - Consider a percentage of amount accessed from account rather than a fixed monthly fee.

# Economic Analysis

# Government Support

Treasury should not offer account set-up fee to FIs if the ‘minimum requirements’ ETA product structure is adopted.

- Treasury cost savings of 28 cents per month do not justify any significant reimbursement.
- CRA credits will be of greater value to many large FIs.

<b>Reasons Against Support</b>	<b>Reasons For Support</b>
<ul style="list-style-type: none"><li>● Unparalleled marketing opportunity for FIs to sell products to 5MM+ federal benefit recipients who need a direct deposit account</li><li>● FIs will be able to use existing off-the-shelf products; no new product development costs will be needed</li><li>● The possibility that abuse and fraud could occur if FIs churn accounts</li></ul>	<ul style="list-style-type: none"><li>● FIs will be required to provide an ETA to anyone requesting one; no qualification system</li><li>● FI will bear the costs for account closing and reclamation</li><li>● FI will be responsible for educating &amp; training accountholders about EFT</li><li>● FIs will incur costs developing products, reports, training staff and meeting audit requirements</li></ul>

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# Recommendation

- Adopt the Franchise distribution model – any federally-insured FI may qualify to offer an ETA.
- Adopt a ‘minimum requirements’ design for the ETA product – ETA product structure is developed by each qualifying FI, as long as it meets these standards.

<b>Deposits:</b>	Direct deposit of direct federal funds only, via ACH
<b>Cash Access:</b>	Total of any two cash access opportunities monthly from any combination of On-us ATM and/or branch visits. Unlimited On-line debit POS purchases with cashback, in accordance with merchant policy
<b>Information Access:</b>	Total of any two information access opportunities from any combination of ATM and/or branch visits to obtain account balances Monthly statement mailed to ETA accountholders
<b>Cost:</b>	No minimum balance; No interest paid (FI earns float) \$3.00 monthly fee cap for ‘minimum requirements’ services \$1.00 fee cap on each incremental ATM and/or teller visit for either cash withdrawal or balance inquiry
<b>Debit Card Issuance:</b>	Same graphics standards and BINs as offered to other customers Reg. E compliance including disclosure and error resolution procedures 7 x 24 Call Center for notification of lost or stolen cards
<b>Eligibility:</b>	Participating FIs must provide a qualifying ETA to any direct federal benefit recipient who requests one

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Focus Group Summaries  
Data and Analysis