US Army Finance Command

E-Commerce in the Battlefield "Update"

Juan A. De Jesus
Director, E-Commerce
US Army Finance Command
juan.a.dejesus@us.army.mil
(407) 646-4442

5 August 2009
Unclassified

Challenges

E-Commerce
Agenda

- Organization

- Goals

- E-Commerce Programs
  - EZpay Stored Value Card (SVC)
  - EagleCash Stored Value Card (EC SVC)
  - Paper Check Conversion Over the Counter (PCCOTC)
  - U.S. Debit Card (USDC)
  - International Treasury Services (ITS.GOV)
    -- Benefits

- Initiatives

U.S. Army Finance Command

- Field Operating Agency under the Assistant Secretary of the Army (Financial Management & Comptroller)

- Headquarters Department of the Army finance strategic management to include:
  - Oversight and policy for Army finance operations
  - Army coordination office for finance audits
  - Army liaison with DFAS civilian pay
  - Army banking program
  - Strategic insertion of finance automation
  - Internal Army cross functional & staff coordination
  - Army Funds Distribution

Strategic and/or Operational Goals

- Implementation and deployment of new technologies for processing banking/financial transactions in support of CONUS and deployed operations

- Partnership with the US Treasury and the Federal Reserve Banks:
  - Reduce cash
  - Improve and increase service
  - Reduce manpower requirements
  - Improve accountability

Programs Deployed

Imaging Checks   **Funding Escort Agents**   **Deployed Environment**   **Basic Training**

Self-Service Kiosks

EFT

Better Use of New Technology

- Increase Mission Time
- Increase Security
- Less Cash to Issue
- Reduces Float
- Currency Remains in the Treasury
- Increase Army Knowledge in Technology
- Manpower & cost savings

"Service to Soldiers"

EZpay Stored Value Card

- Card is standard at Army, Air Force and Marine Corps basic training sites
  - Card issued by the Defense Military Pay Office (DMPO)
    - Non-reloadable card
    - Trainees initial advance pay
- Statistics (as of Jun 09):
  - $555M (All Military Services)
  - 2.1M cards issued
    - Army 1.3M cards = $339M

EZpay SVC Benefits

- Reduced cash requirements at Army sites by $339M

- Soldiers no longer have to purchase money orders to safeguard their funds...$125,000 yearly savings

- Reduced checkout time at AAFES counters by 1,876 hours…increased time for training

- Standardized card at Air Force and Army basic training sites…19%/$130K reduction from initial deployment cost
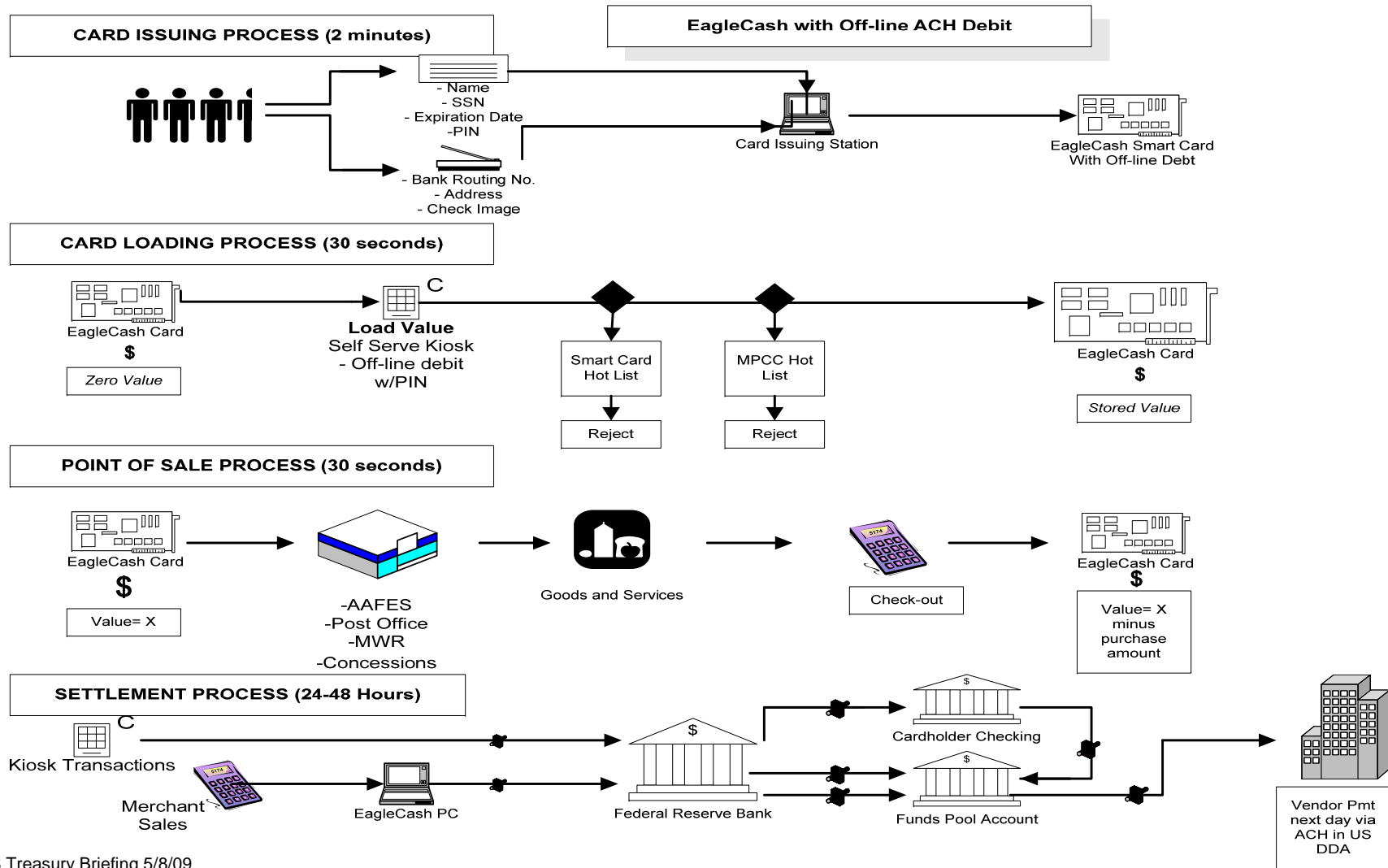
- Increased security in the barracks

EagleCash Stored Value Card

- Program piloted Dec 99 at Camp McGovern, Bosnia
- Card issued at CONUS Soldier Readiness Processing (SRP) and Mobilization (Mob) sites and Finance Offices in area of operations versus U.S. $…SVC is the standard!
  - SVC used at Base/Post Exchange (BX/PX) and concessions, Post Office, MWR, Finance, etc.
- Program audited by Army Audit Agency
  - Recommendation
    - Program be extended to other OCONUS deployments
- Expanded Program
  - Afghanistan, Bosnia, Honduras, Iraq, Kosovo, Kuwait, Qatar, Saudi Arabia and selected CONUS SRP/Mob sites (20)
  - Romania…FY09
  - Other users: Air Force and Navy
- Statistics (as of Jun 09):
    - Program, funds loaded: $1.9B…Army: $1.6B
    - Program, cards issued: 600K…Army: 515K

EagleCash Program Processes…

CARD ISSUING PROCESS (2 minutes)

EagleCash with Off-line ACH Debit

- Name
- SSN
- Expiration Date
- PIN

- Bank Routing No.
- Address
- Check Image

Card Issuing Station

EagleCash Smart Card
With Off-line Debit

CARD LOADING PROCESS (30 seconds)

EagleCash Card
$
Zero Value

C
Load Value
Self Serve Kiosk
- Off-line debit
w/PIN

Smart Card
Hot List

Reject

MPCC Hot
List

Reject

EagleCash Card
$
Stored Value

POINT OF SALE PROCESS (30 seconds)

EagleCash Card
$
Value= X

-AAFES
-Post Office
-MWR
-Concessions

Goods and Services

Check-out

EagleCash Card
$
Value= X
minus
purchase
amount

SETTLEMENT PROCESS (24-48 Hours)

C
Kiosk Transactions

Merchant
Sales

EagleCash PC

Federal Reserve Bank

Cardholder Checking

Funds Pool Account

Vendor Pmt
next day via
ACH in US
DDA

EagleCash SVC Benefits

- Reduced cash in contingency areas by $1.6B+

- Alternative to Military Pay Certificates (MPC)
    - MPC Savings…$1.5M for printing per $60M and $25K storage fee by DFAS per year

- If card is lost, user can receive a refund of unused funds on a new card

- Reduced casual pay and check cashing

- Reduced cash collection vouchers

- Improves retailer fund flow and reconciliation

- Finance and Postal transactions processed via AKO

- Deters black marketing & counterfeiting

- Command support has been key to success of program
    - Ownership

Self-Service Kiosk

- Finance Office/SRP/Mob issues card, loads PIN and financial institution information on card
- Self-Service Kiosk
  - Transfer funds from checking to card
    - $350 per day…card limit $9,999.99
    - No fees per transaction
  - Transfer funds from card back into checking
    - Card limit
  - Transfer funds from card to card
    - Card limit
  - View balance of card
  - Operates via dedicated DSN phone line
    - Future…use LAN via secure internet
  - OCONUS: Afghanistan, Balkans, Honduras, Germany (Ramstein AFB/Landstuhl), Kuwait, Iraq, Qatar and Saudi Arabia
  - CONUS: Selected hospitals and SRPs
- Next: New sites in OEF and OIF…ongoing!

Self-Service Kiosk Benefits

- Cashless ATM available 24/7 = 350+ kiosks and backup
- Card is PIN protected for kiosk use
- Reduces casual payments and check cashing
  - Cash used at retailers
- Finance office loads EFT data on card
  - SRP/Mob sites
  - Provides on-the-spot customer service
- EFT debit & credit transactions flow overnight in secured batch to FRB Boston
  - No need for 24/7 telecommunication
- Treasury assumes risk for insufficient funds
  - Army processes payroll offset
  - Built in control file stops future transactions
- Over 7.5M transactions, valued at $798M
- Used by Army G2 to support Intelligence Contingency Funds (ICF) Program (ECAS card)

EagleCash
AgentSVC Card

For Official Use Only

EAGLE CASH

ECAS Card

Paper Check Conversion

- Converts paper checks into electronic debits to a check writer's account via secure internet
- Processes US checks/Money orders
- Creates permanent record of both check image and database of checks cashed
  - Access via web page
- Includes automated "bad check list" shared across sites
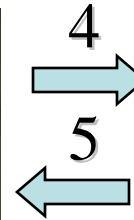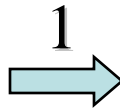- Automated re-presentment of NSF checks two times (mid-month and EOM paydays)

PCC Process Flow…

Customer

1

4

5

FRBC

3
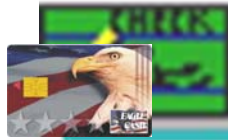
VOID

(1) **Cashier Receives, validates, and scans check**
(2) **MICR data on check verified against negative local database**
(3) **Voided & returned to presenter**
(4) **DA closes end-of-day batch and forwards to FRB Cleveland (FRBC) via secure file transfer**
(5) **FRB returns automated SF 215/5515 to DDO via PCCOTC web page**

2

LVD
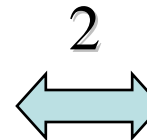
Paper Check Conversion

- ## Statistics (FY 01-09):
  - Checks cashed: 3.1M
  - Valued: $6.6B
  - 99 percent success rate

Before   =   Now

Paper Check Conversion Benefits

- Changes check cashing behavior of customer
  - Reduces early check writing
    - Improves customer check balancing
    - Check returned to customer by cashier

- Reduced notification of NSF from 28 days to 2 days

- Checks processed within 24-48hrs, via secure internet to FRBC

- Automated deposits and debits (SF215 and 5515) to DDO

- Standardizes check verification across all finance offices

- Data transfers to FRBC via secure internet

- Improved internal controls and accountability of funds

- Customer service provided by Citi - Treasury Agent

US Debit Card

- Magnetic stripe card

- Usage at ATM or Point of sales (POS) or both

- PIN protected

- Immediate activation or post issuance activation or future activation

- Issued on-the-spot or from central location

- Disposable or reloadable

- Not linked to any bank account

- Anonymous or identified

- Issued in any dollar amount

- Multiple cards can access one pool of funds

- Immediate de-activation

- On-line reports

US Debit Card

- US Southern Command (SOUTHCOM)
  - Escort Agents
- Program reviewed by Army Audit Agency and USAFINCOM Special Review Office
  - Strong program
  - Excellent internal controls
  - Card issuing/administering organization must have financial management expertise
- Additional deployment
  - CIDC
  - DFAS - Wound Warrior support

US Debit Card Benefits

- No need to issue/mail check to escort agent
  - Cards issued by command on the spot
  - Immediate funds availability to escort agent
  - Better internal controls, command can review funds spent and has ability to cancel card on-line

- Reduces or eliminates reliance on the State Department to make disbursements to agents
  - Reduces State Dept Charges ($50 – 70 estimate) per request
  - Reduces NULO's and TBO's

- Eliminates Escort Agent commingling deposits into their own accounts due to cashing government check

- Statistics (FY 03-09):
  - Cards issued: 2,037
  - Initial value placed on cards: $15.2M
  - Total value used: $9.5M

International Treasury Services

- ITS.GOV program enables Federal agencies to issue foreign currency payments via direct deposit, wire transfer, or draft to recipients in over 150 countries

- ITS.GOV was implemented as the primary payment mechanism for all international originated payments into the domestic ACH system for Army sites

- ITS.GOV is suitable for the current deployment environment
  - Web based application with no special requirements except the physical security token
  - Does not require local software or special hardware
  - A key feature of ITS.GOV = its deploy ability

- Program deployed:
  - Afghanistan, Korea, Germany, Kosovo, Kuwait, Iraq, and Saudi Arabia

International Treasury Services Benefits

- Reduces cash requirements at Army sites
  - Processed over $2.3B

- Supports international wires and domestic electronic fund transfers

- Interfaces with the DoD Deployable Disbursing System (DDS)

- Accountable system

- Flexible

Initiatives

- Completed
  - Deployed SVC/PCC to Financial Management School
  - Integrated PCC with DDS
  - Deployed SVC sustainment personnel
    - Two US Treasury assets in AO
  - Deployed banking personnel to support ARCENT, C8
  - DASA(FO) guidance on EagleCash issuance, 20 Mar 09

- Ongoing
  - CENTCOM FRAGO
  - PIN for Point of Sales use
  - Integrate SVC with DDS
  - Review hardware requirements for CONUS FMCOs
    - Sustainment of training
  - Deploy three more SVC sustainment personnel
  - Kiosk
    - LAN capable
    - smaller
  - Mobile-Payment or M-Payment
    - Cell phone technology
    - Paying Agent to vendor
    - Pilot this summer/fall in CONUS and OEF
    - Partnership
      - USAFINCOM/US Treasury
      - ARCENT C8/18th FMC
      - SOUTHCOM
      - DFAS

Web Sites

- EZpay
  - http://www.fms.treas.gov/ezpay/

- EagleCash
  - http://www.fms.treas.gov/eaglecash/

- Paper Check Conversion
  - https://www.pccotc.gov/pccotc/index.htm

- International Treasury Services
  - https://www.ITS.GOV

US Army Finance Command

Questions