

# United States Department of the Treasury

Financial Management Service

Agency Enterprise Solutions

Direct Express® Card / U.S. Debit Card

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19<sup>th</sup> Annual  
Government Financial Management Conference  
Washington DC





# Agenda

- Federal Reserve payment study
- Debit Card agency benefits
- How cards work
- Our card programs
- Direct Express<sup>®</sup>
- U.S. Debit Card
- Card funding options
- Customer testimonials



# Business Payment Changing Landscape

Federal Reserve Bank of Boston Payment study: ( 9.3 billion trans)

- Paper check usage: 86% in 2001; 57% (est.) in 2010 33% decline
- ACH usage: 10% in 2001; 29% (est.) in 2010 3x as many
- Debit Cards: 1% in 2001; 14% (est.) in 2010 14x as many

## Why Debit Cards?

- Most common in store & POS payment type
- Avg. Volume growth of 25% per year for last six years
- Projected growth of 15-20% over next several years
- Global consumer debit purchases exceeded \$1 trillion in 2006



# Why Debit Card – Agency Benefits

- Treasury cost to process/issue check: \$1.03
- Treasury cost to process ACH: \$0.11
- Reduces agency's dependence on "cash" or checks
- Enhances agency's financial control (audit trail)
- Operational efficiencies and cost savings
- Potential EFT reassignment / reduction
- Supports and enhances agency mission

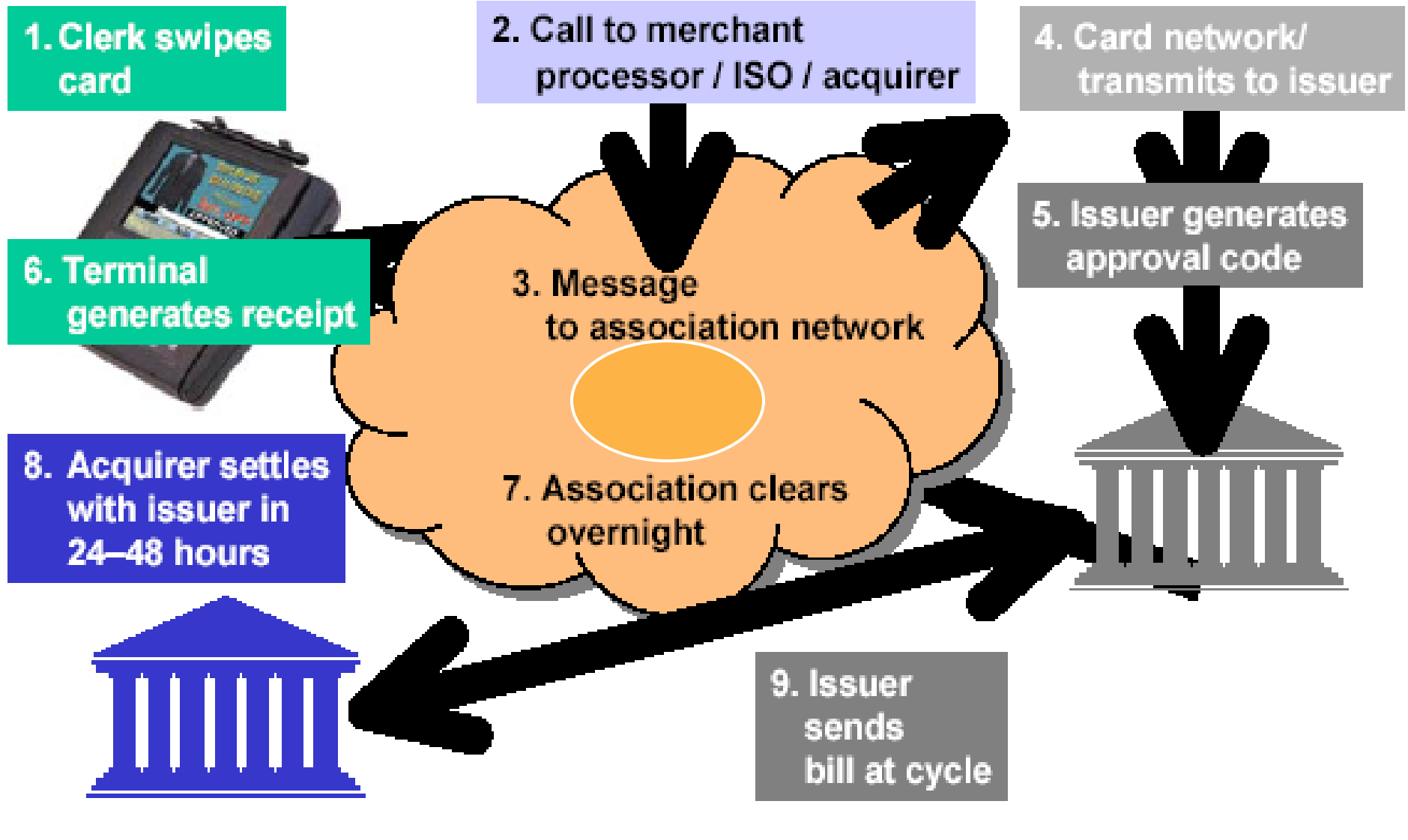


# Example of cost savings

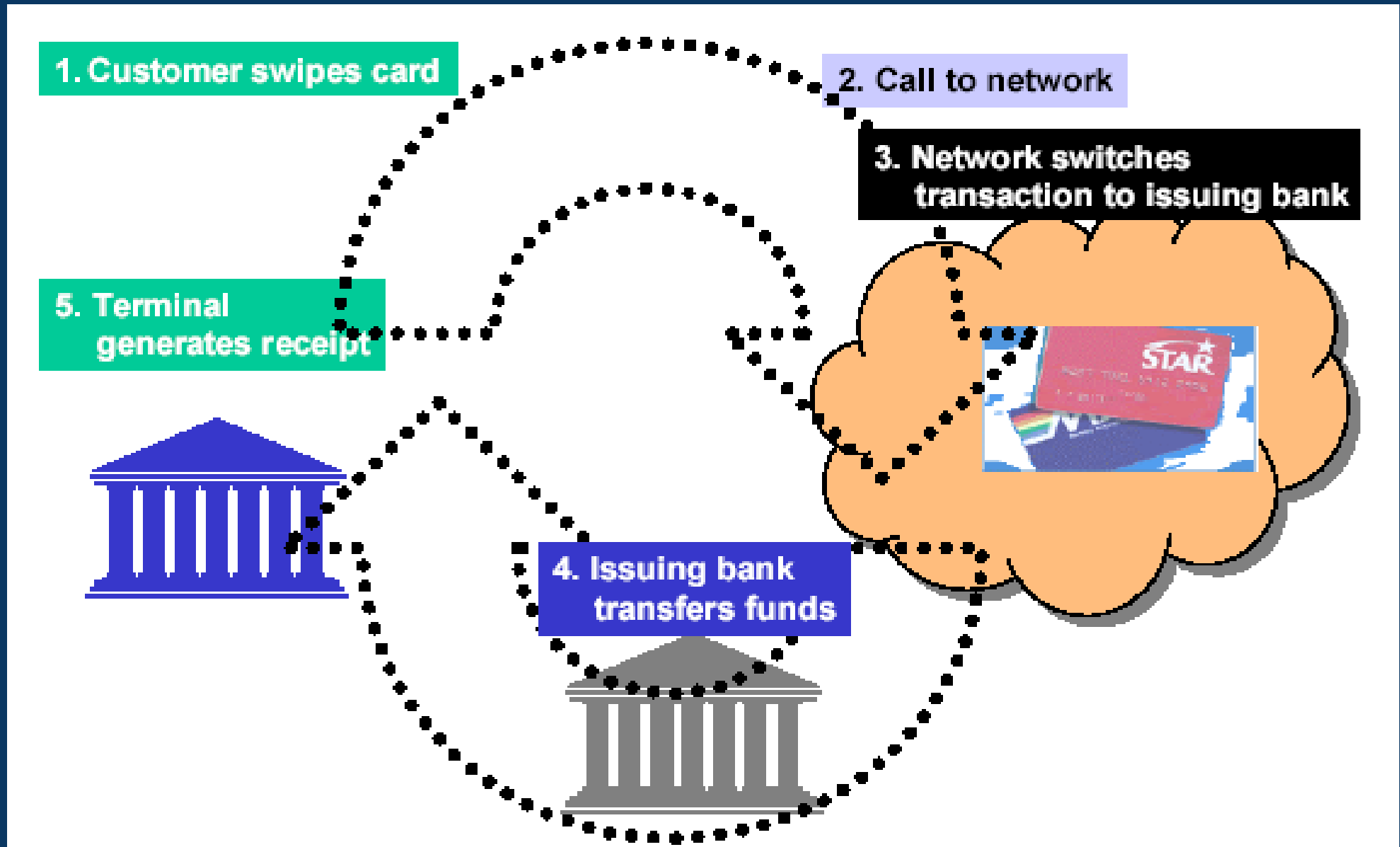
## Debit Card Versus Check Payment Distributions

Activity	Checks	Debit Cards	Annual Savings
Payment production: 20,000 items	\$20,000	\$15,750	\$4,250
Check clearing vs ATM withdrawal (domestic)	\$76,971	\$43,030	\$33,941
Check clearing vs ATM withdrawal (international)	\$36,170	\$7,980	\$28,190
Envelopes & delivery/transmission/postage	\$43,500	\$8,900	\$34,600
Archiving	\$1,750	0	\$1,750
Audit <sup>6</sup>	\$17,500	0	\$17,500
Balance inquiry	\$3,500	\$1,330	\$2,170
Indirect - FTE time	\$35,000	0	\$35,000
<b>Total</b>	<b>\$234,391</b>	<b>\$76,990</b>	<b>\$157,401</b>

# Signature-based Transaction Flow



# PIN-based Transaction Flow



# Our Card Programs







Launched on April 23, 2008 to help the millions of American's receiving Social Security benefits payments who do not have access to traditional bank accounts.

Highlights:

Collaborative effort between:

Treasury and our financial agent Comercia  
Social Security Administration

As of June 2009

Enrollments: 2,000+ per day or 546,000+

Transactions: 15+ million

# Deposits to Cards: 2.8+ million

Tax Payer savings: **\$2.6 million**





## Card Details

- Free sign up, no overdraft fees, no monthly fees
- No POS fees or OTC fees
- More than 40,000 ATMs surcharge free
- No minimum balance or bank account or credit check required
- Enrollment is via web, paper, call centers or SSA offices.
- MasterCard branded

## Benefits to using the Card

- Provide entrance into financial "mainstream"
- Convenience
- Security
- Control



# What do we have in common?



UNITED STATES  
DEPARTMENT OF VETERANS AFFAIRS



**USDA** United States Department of Agriculture  
National Agricultural Statistics Service

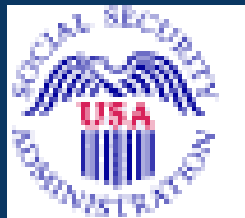


**NATIONAL INSTITUTES OF HEALTH**  
National Institutes of Health  
*The Nation's Medical Research Agency*



FEMA

U.S. Census Bureau



**U.S. DEPARTMENT OF HOMELAND SECURITY**  
Homeland Security



Smithsonian



**FTA**

U.S. Department of the Interior

OFFICE OF THE SPECIAL TRUSTEE  
FOR AMERICAN INDIANS



# Status of US Debit Card Program

Program launched by FMS and JPMorgan in 1998

- 27 active agencies since inception

June 2009 statistics

- Active cards: 53,799
  - 59% increase since May 2008
- Transactions / month: 33,740
- Average daily card balance: \$103.79

Program outlook

- Seven agencies interested in USDC
- Potentially 400,000+ additional active cards





# Funding the U.S. Debit Card -

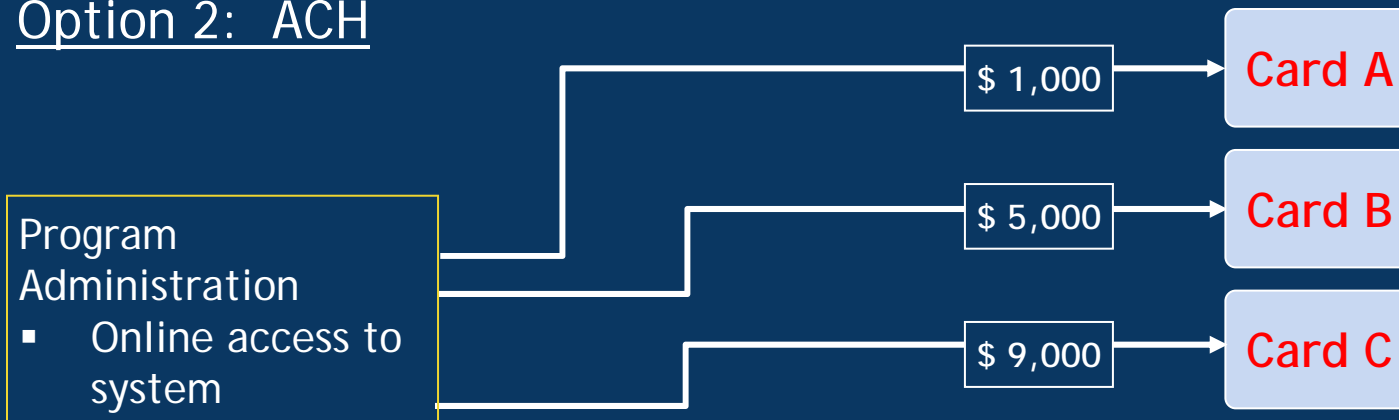
## Option 1: By ASAP



### Program Administration

1. Create ASAP Account (Account Maintainer)
2. Fund Account (ASAP Entry Clerk)
3. Certify Funds in Account (CO)
4. Pay Request and Funds Draw Down (Pay Requestor by Bank)
5. Agency Reconciles via 5515

## Option 2: ACH





# Key features of the U.S. Debit Card

- Web-based platform that enables agencies to:
  - Assign various roles
  - Activate / deactivate cards
  - Fund cards
  - Track card usage (optional)
  - Access online reporting
- Immediate in person or mail distribution
- Instant issue or batch file activation
- Access to customer service online or via toll free number

CHASE Home | Contact Us | Site Directory | International Sites | Privacy/Security

Welcome, User

Logout  
Change Password

Signon  
Client Signon  
EZPAY Signon

Client Profiles  
Client Profile Summary  
Client Profile Update

Client Accounts  
Client Account Summary  
Client Account Update  
Card Profile Setup  
Client Account History  
Setup Merchant IDs

Cardholder Accounts  
Cardholder Account Search  
Open Cardholder Account

Card

Open Cardholder Account

Account Information: submit account

Client Name: PENNZOIL Client Account #8000000001729 22  
Client Account Name: PENNZOIL - EAST Account Type: PAYROLL

\*Last Name: [ ] \*First Name: [ ] MI: [ ]  
Title: [ ] \*SSN: [ ]  
\*DOB: Jan 1 \*Mother's Maiden Name: [ ]  
Employee #: [ ] \*Cost Center: [ ]  
\*Day Phone: [ ] Evening Phone: [ ]  
Fax: [ ] Email: [ ]  
\*Statement Type: Mail-Standard \*Allowance Amount: [ ]  
\*Card Type: ATM \*Withdrawal Limit: 1000.0  
Temp Card Life Span: 2 Months Max Active Cards: 2  
Transportation Amount: [ ] Parking Amount: [ ]

\*Account Address:  
 Business Address PRIMARY ADDRESS



## What our agencies are saying...

- "I was able to move a couple of FTE's to more pressing projects."
- "It eliminated barriers to check cashing."
- "Eliminate imprest balances and avoid keeping 'cash on hand'? What a big advantage."
- "I like the reduced check fraud and increased security due to the PIN and audit trail."
- "It gave me more control and bolstered my agency's mission."
- "I can maintain accounts and assign user-based access online."
- "I can fund cards worldwide from one central location."



## What our cardholders are saying...

- "I don't need to carry cash anymore."
- "It provides convenient access to funds."
- "It's easy to use at ATMs and MasterCard locations."
- "It saves me time by avoiding check cashing lines."
- "It eliminates paper. I feel like I am doing my part."
- "My money can't get taken from my mailbox."
- "I can buy stuff on the internet just like everybody else."





# U.S. Debit Card contact person

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# Thank You for Attending

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Financial Management Service  
Prepaid Card Presentation  
August 2009

