

****UPDATED 5/22/19****

**Direct Express® Debit Card Program
Financial Agent Selection Process
Questions and Answers**

Commonly Asked Questions and Answers

Q1 What is a financial agent?

A1 Federal banking laws grant Treasury the authority to designate financial institutions as financial agents of the government to provide services on its behalf. Financial agents act on behalf of the government in performing their duties under a relationship with Treasury. In this instance, Treasury will be designating a financial agent to provide debit card services for the Direct Express® card program.

Q2 Why is Treasury looking for a new Direct Express® financial agent now?

A2 Treasury is considering applications at this time because the existing Direct Express® financial agent agreement expires on January 2, 2020. Treasury intends to make a selection by the summer of 2019.

Q3 What is the process for submitting a proposal to Treasury for the Direct Express® program?

A3 All of the application submission requirements are listed in the requirements document, including deadlines and all application format requirements, through this website <http://www.fiscal.treasury.gov/directexpress>.

Q4 Why does Treasury offer the Direct Express® card?

A4 The Treasury Department published a final rule in December 2010 which requires federal payment recipients to receive their monthly payment electronically. The Direct Express® card is offered by the Treasury to enable benefit recipients without a traditional banking relationship to receive their payments electronically.

Q5 Did Congress ever approve the electronic payments requirement?

A5 The Debt Collection Improvement Act of 1996 gave the Treasury the authority to require electronic funds transfer (EFT) for all federal non-tax payments, including federal benefit payments. Congress also required the Treasury to ensure that individuals required to receive Federal payments by EFT have access to an account at a financial institution at a reasonable cost and with the same consumer protections provided to other account holders at a financial institution. The Treasury sponsors the Direct Express® card program to fulfill this requirement.

Q6 How is the Direct Express® card different from a credit card?

A6 You can only use your Direct Express® card if you have money in your account. The full amount of your purchase is debited from the card account at the time of the purchase or very soon thereafter. The Direct Express® card does not provide a line of credit.

Q7 Who is the current financial agent for the Direct Express® program?

A7 The current financial agent for the Direct Express® card program is Comerica Bank, selected through a competitive process in 2014.

Q8 How will Treasury ensure the current selection process is objective and fair?

A8 Treasury has outlined the criteria for the Direct Express® card program, which includes low card usage fees, consumer protections, and comprehensive fraud prevention measures. Financial agents that meet the requirements of the program will all be carefully assessed through a process designed to ensure objectivity and fairness.

Q9 Is the Direct Express® card program successful?

A9 Today, there are more than 4.5 million open Direct Express® accounts. Since we began surveying cardholders in 2009, the Direct Express® card program has maintained very high customer satisfaction rating of 94% or above. This high approval rating clearly demonstrates the success of the Direct Express® card.

Submitted Questions and Answers

Q10 Should Fiscal Service choose to award a Financial Agent with only new Direct Express enrollments, how will existing cardholders be addressed over both the short term and long term?

A10 Whether the Fiscal Service chooses to award a Financial Agent with only new Direct Express enrollments and, if so, how existing cardholders will be addressed, cannot be determined until all applications are received and evaluated.

Q11 Since the accounts created and funds received are owned by the cardholder, and therefore would not be considered public funds, would the funds require collateralization? Or, is there a component of this program overall which would require collateralization?

A11 Funds sent to a Direct Express account belong to the cardholder and thus do not require collateralization. There are currently no components of the Direct Express program that require collateralization.

Q12 On Pages 8-9 of the Requirements for Applications to Provide Prepaid Debit Card Services, there are four tables reflecting call volumes. Could you please advise if the Agent call number in Table D is a subset of the other tables, Tables B/C, which list peak call volumes? Secondly, could you please provide guidance as to if the remaining call volume for Table B/C, when you subtract out Table D numbers, are handled by IVR/Auto-Attendant?

A12 Table A provides the overall number of calls received by the Direct Express call center each month, including both calls to the IVR and live agents. Tables B and C provide the number of calls made to the IVR during the first 3 days and last 4 days of each month. Table D provides the number of calls to live agents made during the first 3 days and last 4 days of each month. Please note that the numbers included in Table D contained in the document initially published on November 27, 2018 were incorrect. A corrected version was uploaded on November 29, 2018.

Q13 Could you please confirm the remaining calls, of the average monthly call volume of 23MM, are being handled by IVR or an Auto-Agent?

A13 The monthly volumes listed in Table A include both calls to the IVR and live agents.

Q14 Does Appendix E- Sample FAA Security Provisions outline all applicable security requirements for this program/project? If not, please provide listings of the additional Treasury security directives and requirements that are applicable for this program.

A14 Appendix E is intended to describe all Treasury security requirements applicable to the Direct Express program.

Q15 With implementation planning scheduled to begin May 13, 2019 and services to begin January 3, 2020, would the proposed service start date include the complete transition of all existing incumbent cardholders wishing to continue in the Direct Express program (or at minimum readiness to onboard new cardholders)?

A15 The current Financial Agency Agreement allows the Fiscal Service to extend the agreement for a period of up to one year for transition purposes in the event of a transition. The specific timeline for completing any transition will be determined once the selection process is complete.

Q16 It is mentioned that the program could possibly be expanded to “include additional types of federal payments.” What are some examples of these additional payments types?

A16 Currently the Direct Express card is used solely for Federal benefit payments. However, the Fiscal Service continuously strives to increase the electronic delivery of federal payments through options such as prepaid debit cards. Federal tax refunds are an example of a type of payment that could potentially be delivered via a prepaid debit card.

Q17 Please reconfirm, if a new Direct Express Financial Agent is selected, is Fiscal Service approaching the transition as an “opt-in” (requires cardholder to select desired payment method)? What is the process if the benefits recipient takes no action?

A17 Direct Express cardholders will need to take action to, at a minimum, activate a new Direct Express card. Payments will not be withheld from cardholders who take no action but will instead be delivered via check or other means.

Q18 It is understood that Fiscal Service cannot guarantee Direct Express statistics on cardholder enrollments and transaction behavior, but can you provide by month for the July 2017 to June 2018 period the monthly average load value and average number of open/active accounts? How many new cards were issued each month? In addition, are you able to provide statistics on dollar amounts and transaction counts of signature and pinned point-of-sale, ATM and teller cash transactions?

A18 We do not have data available on the monthly load average. The monthly average number of accounts with at least one deposit and transaction is 3,426,716. The monthly average number of cards issued is 276,593. We are not able to provide statistics on dollar amounts and transaction counts of signature and pinned point-of-sale, ATM and teller cash transactions.

Q19 In addition to the Fiscal Agent’s transition cost, what cost has Fiscal Service assessed to itself for a transition of Direct Express to a new Financial Agent? How will Fiscal Service evaluate transition expense in the scoring process?

A19 In addition to the Fiscal Agent’s transition costs, the government’s own costs associated with a transition will be considered in the selection process along with the other factors listed in the Requirements. Such costs include, but are not limited to, increased staffing, cardholder outreach, enrollment activities (to the extent enrollments are handled by the FRB Dallas), and mailed notices.

Q20 Will you please provide examples of state entities/programs that will directly disburse benefits to Direct Express accountholders and further clarify the scope of the state's benefits disbursement authority?

A20 There are currently six states that make a small portion of a recipient's Supplemental Security Income (SSI) payment on their own as opposed to the Social Security Administration making the entire payment. The Financial Agent will need to be able to accept SSI payments from these states and load them to the correct Direct Express account.

Q21 What are specific examples of the non-treasury agency disbursed payments and which payments are currently being disbursed to Direct Express program cardholders?

A21 Examples of non-treasury disbursed payments include military retirement payments made by the Defense Finance and Accounting Service (DFAS) on behalf of the Department of Defense, and payments made by Pension Benefit Guarantee Corporation. These agencies have their own disbursing authority and do not make their payments through Treasury. DFAS payments are currently being disbursed to Direct Express cardholders.

Q22 It is understood the financial institution needs to comply with the Patriot Act, Office of Foreign Asset Control and applicable Treasury regulations; is it required to perform additional customer identification program (CIP) on cardholders beyond these measures?

A22 The customer identification program (CIP) procedures for which the Financial Agent is responsible depend on whether or not the Financial Agent is enrolling cardholders. Currently, most cardholders are enrolled by the Federal Reserve Bank of Dallas (FRB) and federal agencies. In those cases the Financial Agent is responsible only for the customer verification needed to activate the account. On the other hand, if an applicant proposes to directly enroll existing cardholders as part of a transition plan (see requirements document, section 3) and/or directly enroll new cardholders without the involvement of FRB (see requirements document, section 10(a)(v)), then the applicant will be fully responsible for CIP.

Q23 It is understood that a card is mailed to a recipient after the paying agency receives and confirms a prenote transaction. Can you provide more detail on the current prenote process and clarify when/how the financial institution is notified that the agency has confirmed a prenote transaction and therefore the card is ready to be mailed? What is considered to be "too early" for receipt of card (is the initial payment for Direct Express enrollees made by another method (check, etc.)?)

A23 As noted in the solicitation, the majority of Direct Express cardholders are Social Security Administration (SSA) recipients. Most of these enrollments are processed by SSA. Under this SSA enrollment process, SSA captures enrollment data and submits it to the Financial Agent through a prenote file. The Financial Agent uses the data from the prenote file to create card accounts and subsequently mails out Direct Express cards to the enrollees. In the meantime, the Financial Agent creates an automated enrollment entry (ENR) file that is sent to SSA via the ACH system so they can update their payment records so that the respective benefit payments are made to the Direct Express account.

The remainder of Direct Express enrollments are processed by Fiscal Service's fiscal agent, the Federal Reserve Bank of Dallas (FRB-Dallas). Under this enrollment process, the benefit recipient contacts the FRB to enroll for Direct Express. The FRB captures pertinent enrollment data and transfers it to the Financial Agent to create card accounts using a web portal. After creating the card accounts, the Financial Agent transmits the correct banking information, including the account and routing number to which payments to Direct Express cards must be made, to the FRB-Dallas. The FRB Dallas uses this information to create ENR files that are transmitted to the appropriate Federal agencies via the ACH system to update their payment records so that the respective payments are made to the Direct Express account.

If a card is mailed to a recipient too early, prior to an ENR being issued to the agency by the Financial Agent or the FRB, the recipient's subsequent payment may not be made to the card account. As a result, the Financial Agent will need to work with each respective agency on the timing of the automated enrollment file and the agencies' cut off times for accepting new enrollments.

Q24 In addition to ACH Reclamation, can Fiscal Services provide historical volumes on Deceased Cardholder Notifications?

A24 We are not able to provide this information.

Q25 Do the customer outreach and customer service requirements contemplate the use of social media and other online tools?

A25 Applicants are encouraged to include in their proposals a description of how the applicant would communicate with cardholders via online chats, social media and other online forums. Applicants are also encouraged to consider and describe their capability to monitor and respond to comments and questions regarding Direct Express that are posted on social media or other online forums.

Q26 Can more data be provided on card usage (eg., transaction counts and amounts by point of sale, ATM and teller cash)?

A26 We cannot provide a breakdown of transaction counts and amounts

Q27 Please confirm that there is no expectation for the new Financial Agent to carry over historical data on loads or transactions from the incumbent.

A27 A new Financial Agent would not be responsible for carrying over historical data on loads or transactions from the incumbent.

Q28 If the new Financial Agent has to verify the identity of the cardholder, assuming it is CIP, what should happen when someone fails primary non documentary and secondary documentary checks?

A28 The customer identification program (CIP) procedures for which the new Financial Agent will be responsible depend on whether or not the new Financial Agent proposes to enroll cardholders. Currently, most cardholders are enrolled by the Federal Reserve Bank of Dallas (FRB) and federal agencies. In those cases the Financial Agent is responsible only for the customer verification needed to activate the account. On the other hand, if an applicant proposes to directly enroll existing cardholders as part of a transition plan (see Requirements, section (D) (3)) and/or directly enroll new cardholders without the involvement of FRB (see Requirements, Section (D) (10)(a)(v)), then the applicant will be fully responsible for CIP and will follow its usual CIP procedures. If someone fails

the usual primary and secondary checks, applicants are encouraged to propose special procedures to facilitate enrollments. In the event CIP requirements cannot be met, the person will receive his/her payment by means other than Direct Express.

Q29 If a new Financial Agent is selected, what will the incumbent be required to provide as part of the transition (e.g., cardholder data, contact center scripting, etc.)?

A29The incumbent may be required to perform various services to support the transition, but will not be required to share any cardholder data. Certain cardholder data will be available from the Fiscal Service and/or from the FRB-Dallas (see Requirements, Section D(3)).

Q30 Can you please detail requirements pertaining to tracking and reporting both representative payee and beneficiary names and corresponding account information?

A30 Many benefit recipients have representative payees assigned to handle their financial affairs, including the receipt of Federal benefits. The financial agent must be able to track and report the name of the representative payee and the beneficiaries they represent.

Q31 Please clarify the requirement regarding “unpinned” or “inactive” accounts where payments are made to card accounts that are never activated by the recipients. Is the requirement to return the funds back to the government, prior to the escheatment period? If so, what is the timeframe to return the funds to the government on “unpinned” or “inactive” accounts?

A31 The requirement is to return the funds back to the benefit agency prior to the escheatment period. In some cases, payments may be made to a card that has not been activated by the recipient. The financial agent will need to be able to identify “unpinned” accounts to which payments were delivered and work with the benefit agency to return these payments via ACH, if requested by the agency. The timeframe would need to be established based on the needs and requirements of the Federal benefit agency.

Q32 Please clarify the requirement regarding the ability to have multiple beneficiaries on a single card and how compliance checks such as CIP, AML, etc. should be handled.

A32 Federal agencies such as the Social Security Administration designate representative payees to handle the financial affairs of beneficiaries incapable of managing their own finances, including the receipt of Federal benefit payments. There will be cases where a representative payee will be receiving benefit payments on a Direct Express card on behalf of multiple beneficiaries. Consequently, the financial agent must support the delivery of multiple payments to one card on behalf of one or more beneficiaries. The representative payee is the account holder and the recipient of the payment(s).

Q33 Can an example, including data flows, be provided for the prenote enrollment process to assist us in understanding it more clearly?

A33 See Question/Answer 23.

Q34 Is the call recording system required to be a segregated or separate system?

A34 Fiscal Service does not have a preference in regards to how calls are recorded.

Q35 What percentage and number of calls are handled by IVR versus live agents?

A35 Over the past year, there was an average of 779,137 monthly live calls out of an average of 24,665,750 total calls per month, or 3.16% live calls. Below is a breakdown of live calls per month in 2018:

Dec	707,173
Nov	701,614
Oct	827,349
Sep	742,383
Aug	917,668
Jul	830,430
Jun	880,554
May	699,330
Apr	763,338
Mar	858,895
Feb	714,424
Jan	706,487

Q36 Will the selected Financial Agent be provided access to the current IVR logic?

A36 No, this logic must be developed by the new Financial Agent.

Q37 Please confirm that the service levels are based on calls handled, rather than calls offered.

A37 Service levels are based on calls handled.

Q38 Can additional data be provided on historical call volumes handled by agents (preferably one year of data with half hour intervals for peak days)?

A28 Please see table D on pages 8 and 9 of the Requirements for data on calls handled by live agents during peak dates. We cannot provide data broken down by half hour intervals. For call volumes handled by agents in 2018, please see Question and Answer 35.

Q39 What is the average monthly print statement volume, and can we see a sample month broken down by day?

A39 We cannot provide information on the volume of monthly print statements.

Q40 Are there any special packaging requirements for cards (i.e. bulk packaging, # of shipping destinations, folios, etc.)?

A40 We do not have any specific packaging requirements for cards.

Q41 Is everything sent via first class mail? If not, what percentage is non-standard mail (i.e. FedEx, DHL, UPS, etc.)?

A41 Everything is sent by first class mail except in those cases where a cardholder requests expedited mailing. We cannot provide information on the percentage of expedited mailings.

Q42 What time of day are daily card production files received?

A42 Production files could be submitted at various times throughout the day.

Q43 What is the expired card reissuance service level requirement?

A43 Currently, expired cards are required to be mailed at least 3 weeks in advance of the expiration date.

Q44 Will you please clarify that the 276,593 cards issued is a monthly volume? If this is the case, it would be an annual turnover of the entire Direct Express card portfolio. Additionally, will you provide the breakdown of this number of cards issued by new account, replacement card and expired reissuance?

A44 The 276,593 cards issued is a monthly volume. On average, 103,283 per month are replacements for lost cards.

Q45 It is understood the Financial Agent will need to be able to accept SSI and DFAS payments, how will the account information for recipients be shared with SSI and DFAS to enable the agencies to send payments through the ACH system?

A45 For SSI payments, SSA shares the payment data with the States for any State SSI payments that are made. For DFAS payments, the FRB-Dallas sends a secure email file with payment data to the appropriate DFAS contact.

Q46 It is understood that SSA will provide enrollment and load information via ACH files; can you please advise on the frequency and timing of these files throughout the month as well as provide a few sample files?

A46 Enrollment files are provided daily. Payment files are received a few days prior to the 1st of the month, the 3rd of the month, and on each Wednesday of each week during the month. We cannot provide sample payment files.

Q47 Will Fiscal Service please provide an example of the total payment transaction volume and total dollar amount for a three month period? As you send each payment file, what is the typical transaction count and total dollar amount of the file?

A47 In December 2018, there were 2,339,910 Direct Express deposits for SSA totaling \$1,825,550,374; 2,350,537 Direct Express deposits for SSI totaling \$1,269,144,583; and 85,320 Direct Express deposits for VA totaling \$91,926,993.

Q48 To help understand how the number of active accounts is changing over time, can you provide the average number of active accounts for each of CY 2015, CY 2016, CY 2017, and CY 2018?

A48 The monthly average number of accounts with at least one deposit and transaction from July 2017 to June 2018 is 3,426,716. The monthly average of cards issued is 276,593.

Q49 To help understand the valleys in addition to the peaks, can you please provide monthly totals for calls handled by agents (similar to the monthly totals provided in the FASP for total calls)?

A49 Please see Question and Answer 35.

Q50 Are you able to provide the dollar amount of deposits loaded onto Direct Express cards in CY 2018?

A50 In December 2018, there were \$1,825,550,374 of Direct Express deposits for SSA, \$1,269,144,583 for SSI, and \$91,926,993 for VA.

Q51 What percent of cardholders receive multiple deposits (e.g., both Social Security and SSI) to their card in a given month?

A51 We cannot provide this information.

Q52 Can you provide a breakout of deposits, either total number or percentage, to Direct Express cards by payment cycle: SSI/VA, SSA #1 (e.g., 3rd of the month), SSA #2, SSA #3, SSA #4?

A52 On average, 67% of deposits to Direct Express cards are made on the first day of the month. This includes 100% of SSI and VA deposits. For SSA deposits, currently 33% of deposits are made on the 3rd of the month and subsequent cycle dates throughout the month.

Q53 How many times is emergency cash requested per month (volume)? Of those, how many times is emergency cash requested outside of normal business hours (8am to 8pm)?

A53 There were 6,927 approved requests for emergency cash via the cashless benefit access feature in August 2018, the last month this service was offered. We cannot provide information related to requests made after normal business hours.

Q54 According to the FASP, nearly 67% of total deposits from the first of the month is withdrawn by the next day? Is this drawdown from ATM withdrawals only? Or is this drawdown a combination of ATM withdrawals and POS spend? If the latter, what percentage is ATM withdrawals vs. POS?

A54 The 67% includes both ATM withdrawals and POS. We cannot provide the percentage of ATM withdrawals vs. POS.

Q55 Will the selected Financial Agent be able to obtain existing cardholder address or other contact information from the existing Financial Agent? If the program termination letter does not have the correct cardholder address, will this information be transmitted to the selected agent?

A55 The incumbent will not be required to share any cardholder data. Certain cardholder data will be available from the Fiscal Service and/or the FRB-Dallas (see Requirements section D(3)).

Q56 To support a transition, will SSA and VA be able to share beneficiary contact information and updated payment status (i.e., revised cardholders lists excluding those who have opted to change from the legacy Direct Express card to third party direct deposit) on an as-needed basis with the selected Financial Agent?

A56 SSA and VA will not be able to share beneficiary contact information and payment status. Address information for some beneficiaries may be available from the Fiscal Service. Information provided by the Fiscal Service (including beneficiary names) will exclude those beneficiaries who have chosen a means other than Direct Express to receive their payments.

Q57 Can cardholders continue to receive deposits on their current Comerica Direct Express card after new Financial Agent launches new program over? Or must the cardholder enroll in a different deposit account?

A57 Cardholders will continue to receive deposits on their current Direct Express card until transition to a new product is available. Cardholders who have not transitioned to the new product will receive

their payments by other means. Whether or not cardholders who have not transitioned to the new product may temporarily continue to receive their deposits on their Comerica card has not yet been determined.

Q58 Can you confirm that the existing Financial Agent will not be permitted to use Direct Express cardholder contact information or its cardholder servicing channels (e.g., IVR, call center, web, mobile) to market an alternative deposit product to the existing cardholder base, except for as provided for in the program transition letter process outlined in the FASP or if such communications have been explicitly pre-approved by Fiscal Service?

A58 Confirmed.

Q59 Are cardholder email addresses or text numbers captured by either Comerica or the Bureau? If so, will this information be made available to the new provider? What percent of the cardholder files have text and/or email information?

A59 Fiscal Service does not have any email addresses or text numbers of Direct Express cardholders. The existing Financial Agent has email addresses and text numbers for certain cardholders depending on which cardholder services are currently being used, but that information will not be shared with a new Financial Agent.

Q60 For a beneficiary currently receiving electronic benefit payments and electing to change to the new Direct Express Card, how many days in advance of the payment date does an ENR file need to be received by the benefit-paying agency for the change to take effect in time for the next payment? Is the timing different for beneficiaries receiving checks that opt for the card?

A60 The timing of enrollment changes varies depending on the benefit agency and payment type. However, if an ENR is received after the specific agency cutoff, the subsequent payment will be made to the recipient using the current payment method. The Financial Agent will need to work with the customer agencies to develop an enrollment process that does not negatively impact beneficiary payments.

Q61 For Direct Express cards managed by a Representative Payee, should transition-related mailings be sent to the Representative Payee, the underlying benefit recipient, or both?

A61 These mailings would be sent to the representative payee.

Q62 Are there any unique requirements for the FRB-Dallas enrollment portal that applicants should be aware of? Are the ENR files generated from the Financial Agent's systems or do FRB-Dallas personnel generate the ENR file by obtaining the routing number and account number from the Financial Agent's portal and entering this information into the standard FRB-Dallas tool used for all third-party direct deposit enrollments?

A62 The FRB-Dallas creates ENR files for all Direct Express enrollments they receive. For enrollments processed by Social Security, the financial agent is responsible for submitting the ENR file.

Q63 For SSA-processed enrollments, can you confirm that the initial file transfer from SSA to the Financial Agent is a pre-note ACH file, as described in A23 of the FASP Q&A, rather than a zero-dollar CTX ACH file with addenda? Can you provide the data elements (e.g., name, address, SSN, etc.) passed from SSA to the Financial Agent in this file?

A63 The enrollment file is a pre-note ACH file using the CTX format, with addenda, to pass on the enrollment data. We cannot provide a list of data elements included in the file.

Q64 Can you please confirm that cardholder enrollment for all agencies other than SSA are supported solely via the FRB-Dallas enrollment process? If this is not the case, can you describe any differences in the enrollment processes (e.g., different file formats) among the agencies?

A64 Yes, all other agency enrollments are handled by FRB-Dallas currently.

Q65 For any unsolicited card mailings, can you clarify the sequencing of account set-up, card mailing, ENR transmission, pre-note delivery, activation, and first deposit?

A65 The recipient of an unsolicited card can choose to enroll and activate the card by calling the FRB-Dallas. When this occurs a notification is sent to the Financial Agent to activate the card account and an ENR is sent to the benefit agency with the payment information to direct subsequent payments to the Direct Express card.

Q66 What percent of 2018 enrollments were processed by FRB-Dallas vs. the benefit-paying agencies?

A66 In 2018 81% of enrollments were processed by SSA. 8% were processed by FRB-Dallas.

Q67 Is the FRB-Dallas call center able to process Direct Express enrollments in which the beneficiary is switching to the card from another deposit account? Does the government anticipate a diminished role for the FRB-Dallas call center going forward as check volumes continue to decrease?

A67 The FRB-Dallas is currently configured to process Direct Express enrollments for recipients who are switching from paper check to Direct Express. As stated in the Requirements, Section (D)(10)(v), applicants may propose to receive new enrollments directly without the involvement of the FRB-Dallas.

Q68 During enrollment process, does the funding agency indicate the next payment date? Is it expected that the financial agent will manage the payment timeline or is this managed by the funding agency?

A68 The timing of enrollment changes varies depending on the benefit agency and payment type. However, if an ENR is received after the specific agency cutoff, the subsequent payment will be made to the recipient using the current payment method. The financial agent will need to work with the customer agencies to develop an enrollment process that does not negatively impact beneficiary payments.

Q69 Are representative payee enrollments supported by both FRB-Dallas and SSA?

A69 Yes, both the FRB-Dallas and SSA can process representative payee enrollments.

Q70 Is there a limit to the number of beneficiaries that a representative payee can receive benefits on behalf of on a single card?

A70 No, there is presently no limit on the number of beneficiaries for which a representative payee can receive payments.

Q71 Are there any scenarios in which a beneficiary with a representative payee should ever have direct access to Direct Express account information via IVR, live agent, web, mobile app, or alerts?

A71 No, currently the representative payee is the only one authorized to have access to Direct Express account information.

Q72 Outside of legal processes, will the Financial Agent ever need to directly contact a beneficiary that has a representative payee by mail or other means?

A72 We are not aware of any situations where the Financial Agent would need to directly contact a beneficiary that has a representative payee.

Q73 Does Direct Express support the representative payee and fiduciary programs of all participating benefit-paying agencies or are some non-SSA program excluded?

A73 Direct Express currently supports representative payees for SSA and SSI payments.

Q74 What personal information (e.g., SSN, address, DOB, etc.) does the Financial Agent need to retain in its systems for beneficiaries that have a representative payee?

A74 Personal information regarding beneficiaries that have a representative payee that is obtained during the enrollment process will be shared with the Financial Agent.

Q75 Are there any scenarios in which a Direct Express cardholder can request a second card for an authorized user?

A75 There are currently no features that allow a Direct Express cardholder to request a second card for an authorized user.

Q76 Are there any other significant program requirements mandated by benefit-paying agencies that are not outlined in this FASP?

A76 All major requirements have been specified in the Requirements.

Q77 What portion of the current cardholders have reoccurring payments?

A77 Although specific data is not currently available, it is known that nearly all current Direct Express cardholders receive recurring benefit payments.

Q78 A20 of the FASP Q&A states that six states directly pay supplements to SSI benefits, but the Social Security Administration's website lists thirty-six states that directly administer supplemental payments. Are some states that self-administer supplemental payments not supported by Direct Express?

A78 The Direct Express program will support SSI payments directly made by any State that opts to participate in Direct Express. Currently there are 6 such States.

Q79 A14 of the FASP Q&A states that all Treasury security requirements applicable to the Direct Express program are included in Appendix E. Can you confirm that FISMA requirement are not included by reference of the Treasury security directives (noted in Section D.1.a. Security Compliance)?

A79 The Financial Agent will not be operating an information system on behalf of the Fiscal Service.

Q80 In the FASP, the federal mandate for electronic pay is cited. In light of the new CFPB pre-disclosure requirement, which do you view as the pre-emptive ruling (federal mandate or CFPB ruling)?

A80 The Federal EFT mandate and the CFPB requirements are not inconsistent, and neither preempts the other. Note that no Federal benefit recipient is required to receive payment via a Direct Express card. Every Federal benefit recipient may opt to receive payments to a bank account of his or her choice as opposed to the Direct Express card.

Q81 Will all employees of the financial agent be required to obtain/maintain Treasury “public trust” clearance?

A81 Please see Exhibit 1 to Appendix E of the Requirements which sets forth the personnel security requirements for employees of the Financial Agent.

Q82 Please share the incumbent provider’s current contract and supporting addendums.

A82 The current Financial Agency Agreement contains proprietary information. To request a copy of a redacted version, you may submit a request under the Freedom of Information Act. For further information please see <https://fiscal.treasury.gov/foia.html>

Q83 Please share the incumbent provider’s contract pricing.

A83 This information is proprietary.

Q84 It is clear the project requires a Financial Agent, a qualified financial institution, that meets the requirements described in 31 C.F.R. § 202, to take responsibility to issue the cards and hold the legal account relationship with the cardholder for the disbursing of federal benefit payments to debit card accounts. Will the Fiscal Service accept proposals from a prime vendor, a non- financial agent, that is providing the Program Management and Transaction Gateway processing services with a Financial Agent as a subcontractor?

A84 No. Supporting services (e.g., program management and transaction gateway processing) may be provided by a contractor of the financial institution however the proposal must come from the depository institution.

Q85 Can the Agency share information on the current program’s unrecoverable losses based on unauthorized use?

A85 This information is proprietary.

Q86 What time frame is the conversion planned for based on the new services going into effect Jan 3, 2020?

A86 The current Financial Agency Agreement allows the Fiscal Service to retain the incumbent for a period of up to one year from January 2, 2020 to assist in any transition.

Q87 What is the expected volume of non-transition enrollees?

A87 Information regarding the volume of enrollees per year since 2008 is contained in the Requirements, Section III. We do not have any additional information on expected volumes in the future.

Q88 What is the reason for the significant increase in cardholders between 2010 and 2011?

A88 In December 2010 the Fiscal Service published a rule establishing Direct Express as the account

mandated by Congress to be made available to Federal benefit recipients. See 75 FR 80315. Prior to this, Direct Express was a proof-of-concept pilot.

Q89 What is the reason for the significant decrease in cardholders between 2016 and 2017?

A89 We do not have specific factors explaining the decline.

Q90 Please clarify the desired option to be offered to existing cardholders: existing cardholders to remain with incumbent using an alternate offering than Direct Express or for the existing cardholders to transition to the new Financial Agent continuing to use Direct Express? In several places of the document there is an expectation that the incumbent could retain the existing card holders by offering alternate product offerings in lieu of opening a new Direct Express card with the new Financial Agent. This would limit the new Financial Agent with net new cardholders. However, the transition section requires all Applicants other than the incumbent to provide a transition plan for existing cardholders.

A90 The Requirements allow for several options including the selection of the incumbent to provide services for both existing and new Direct Express cardholders; the selection of a new Financial Agent to provide services to both existing and new Direct Express cardholders; or the selection of the incumbent to continue providing services to current Direct Express cardholders and the selection of a new Financial Agent for new Direct Express cardholders. A transition plan from applicants other than the incumbent is necessary in the event a new Financial Agent is selected to provide services to both current and new Direct Express cardholders. The best option cannot be determined until applications are received and evaluated.

Q91 It is clear the agreement will be for a period of no less than five years. What is the maximum period or term of the agreement?

A91 Financial Agency Agreements typically have an initial term of five years but circumstances may dictate a longer term.

Q92 It is acceptable for the Applicant to charge separately for the costs of transitioning?

A92 Yes

Q93 Please explain how the six multiple factors will be scored or weighted for evaluation. Will each factor be equally weighted or scored? If not equally weighted, can you please share which factors are of most value, hence receiving the highest consideration for evaluation purposes.

A93 Information on how the evaluation factors will be weighed is not made available.

Q94 To support existing cardholder transition, are the existing cardholders on a dedicated BIN or BINS that could be converted to the Applicant?

A94 The Bank Identification Numbers used for existing cardholders cannot be converted to another Financial Agent.

Q95 How does the Applicants innovation experience impact the evaluation?

A95 An applicant's innovation experience will help inform the assessment of the applicant's ability to innovate and implement innovative solutions which is one of the evaluation criteria.

Q96 Please confirm all required languages other than English.

A96 There is no specific requirement however the evaluation of the benefits an applicant can provide to the cardholder will include its ability to support multiple languages. To date our experience has been that English and Spanish are the primary languages used but over 200 other languages are supported through an interpretation service.

Q97 What are the volume of text messages sent to cardholders on an annual basis by the incumbent provider.

A97 We are not able to provide this information.

Q98 What are the existing fraud rates for transactions, negative balances and enrollment?

A98 We are not able to provide information on fraud rates for transactions, negative balances, and enrollment.

Q99 Please share a list of all required reports received today from the incumbent contractor.

A99 Section 18 of the Requirements includes a list of reports. The financial agent will also be expected to provide a report on its ability to meet the Service Level Requirements on a monthly basis and to provide specific data related to each service level.

Q100 Please share the frequency, daily, weekly, monthly, of each required report.

A100 Most reports are required on a monthly basis.

Q101 Please validate that the technical and cost proposal should be submitted together within the Application? This is being asked based on other federal procurements requiring the technical and cost proposals to be packaged separately within the Application submission.

A101 Yes, the technical and cost proposal should be submitted together with the application.

Q102 Based on the requirement, “to provide Debit Card services to cardholders within and outside of the United States as necessary to facilitate the use of Debit Cards by cardholders anywhere in the world”, are the payments made in US Currency?

A102 Yes, payments are made in US Currency.

Q103 Where does a vendor place items, such as terms and conditions, they wish to negotiate?

A103 Terms and conditions will become part of the Financial Agency Agreement (FAA) and will be negotiated when an applicant is conditionally selected. The selection does not become final until the FAA is executed.

Q104 Could you please confirm the data elements and file format for transitioning incumbent cardholder information to the newly selected agent?

A104 The incumbent will not be required to share any cardholder data however certain cardholder data will be available from the Fiscal Service and/or from the FRB-Dallas. Information regarding file formats for a transition process is not currently available.

Q105 For new enrollees, could you please discern between SSA/SSI and non SSA/SSI file formats/return files?

A105 All payments files sent to Direct Express cards must be formatted in the PPD ACH file format.

Q106 Could you please provide a sample of how the ACH pre-note data is presented to perform the enrollment – is cardholder data (address, etc.) provided in the addenda record?

A106 Cardholder data is provided in the addenda record of a CTX ACH file. Please see Question and Answer number 23 that is posted at <https://fiscal.treasury.gov/files/directexpress/DirectExpressFASPOandAs.pdf> for more information on the current enrollment process.

Q107 Could you please provide more details on call volumes on non-peak days

A107 In January 2019, there were 498,994 calls that occurred on non-peak days, or an average of 20,779 calls per non peak day.

Q108 What are the average handle/call times for peak and non-peak days?

A108 In January 2019, the average call handle time during non-peak days was 3 minutes and 52 seconds. The average call handle time during peak days was 4 minutes and 6 seconds.

Q109 Is the Financial Agent required to support other types of legal processes such as Guardianship's, Conservatorship's, or Power of Attorney requests? If yes, please provide a list of the processes supported and annual volumes.

A109 The Financial Agent is not required by Fiscal Service to implement any special procedures to support legal processes such as Guardianships, Conservatorships or Powers of Attorney. The Financial Agent may follow its existing legal processes and policies for these situations.

Q110 Is the Financial Agent required to have a process for subpoena requests? If so, what is the average volume of subpoena requests?

A110 The Financial Agent may follow its existing processes for handling subpoenas. We cannot provide the average volume of subpoena requests.

Q111 Are there other legal processes that the Financial Agent is required to support for Direct Express? Please provide any relevant metrics to assist in evaluating the costs to comply.

A111 The Financial Agent must comply with 31 CFR Part 212 (Garnishments). Fiscal Service does not have relevant metrics to assist in evaluation of compliance costs.

Q112 Based on the initial pilot originally done with JP Morgan Chase in 2006, are there any remaining card accounts still with the original Financial Agent? If so, what percent of the original pilot account still remain with the original Financial Agent? Will the Fiscal service transition those accounts in the case of award to one new Financial Agent for all existing and new Direct Express cardholders?

A112 There are an estimated several thousand card accounts that remain with JP Morgan Chase from the original pilot in 2006. We cannot determine what percent remained with the original financial agent from the original pilot. Those accounts are not Direct Express accounts and are not included in the accounts that would be transitioned to a new Financial Agent.

Q113 What type of regulatory scrutiny does your current Financial Agent experience specific to Direct Express? Please describe in detail? May the selected Financial Agent submit to the Fiscal Service for reimbursement of any costs of compliance?

A113 Direct Express accounts are subject to regulatory oversight and examination by the Financial Agent's Federal and State regulators in the same manner as other accounts in the institution's retail portfolio. Applicants may include reimbursement of compliance costs in their proposal if they so choose.

Q114 Pay Perks was referenced in the FASP. Is it a requirement that PayPerks be used for Direct Express program going forward?

A114 Applicants must offer cardholders a financial education program but PayPerks is not specifically required.

Q115 What specific goals and objectives will Fiscal Service use to measure and evaluate the cardholder education offered by the Financial Agent?

A115 The financial education program should increase cardholder awareness of the features and benefits of the Direct Express card, including how cardholders avoid fraud, access cash and check for deposits and balances. Customer surveys and cardholder usage are examples of how the success of the financial education program is measured and evaluated.

Q116 Please provide specific information for the last several years about the reclamation losses in the program and clarify if they are to be absorbed by the selected provider.

A116 We cannot provide specific information about reclamation losses. Currently reclamation losses are absorbed by the Financial Agent. Applicants that are not willing to absorb reclamation losses should so indicate in their proposals.

Q117 If the Fiscal Service selects a new Financial Agent to service the existing and future Direct Express accounts, how many existing cardholders does Fiscal Service estimate will elect to retain accounts with the incumbent provider, under a new general purpose reloadable prepaid card program?

A117 Fiscal Service does not know whether the incumbent provider will offer cardholders the option of choosing to open a general purpose reloadable prepaid card. If that option is offered, Fiscal Service does not know how many cardholders would elect to establish an account with the incumbent.

Q118 To what extent is first-party fraud prevalent on the Direct Express program? That is, how much do cardholders themselves attempt to defraud the current provider? Please provide the amount of first party fraud as a percent of total fraud.

A118 Fraud, including first-party fraud, occurs in payment programs including in the Direct Express program. We cannot provide information regarding the amount.

Q119 How will Treasury evaluate the bidders' ability to actually implement and perform the services at the pricing and timeline they are proposing?

A119 The Fiscal Service will look for applicants to demonstrate their experience and expertise in project management and service implementation as part of the process of selecting a Financial Agent. Each proposal will be carefully and thoroughly evaluated and finalists will participate in oral presentations. References may also be contacted.

Q120 Will Treasury consider paying an upfront fee for transition costs to offset the considerable expense required to implement the Direct Express program?

A120 Applicants may submit a proposal that includes an upfront fee for transition costs and Treasury will consider the proposal.

Q121 Fiscal Service describes the volume spikes inherent in the program around payment days. Can you describe any relevant factors or issues related to that? For example, are there any additional types of oversight required on payment days? Are IVR and CSR SLAs applied to these periods of unusually high volume?

A121 The same service level requirements apply regardless of anticipated spikes in volumes. It is expected that there will be sufficient management oversight on payment days to ensure compliance with SLAs.

Q122 On payment days, is there flexibility to have payment posting staggered over several hours, e.g., perhaps by time zone? Funds must be available to settle to cardholder accounts at 12am CT on the payment date.

A122 Please see Requirements, Section D (12).

Q123 As the Fiscal Service knows, there have been recent incidents of ACH prepaid card load failures, leading to delayed funds availability for some holders of payroll cards. This would presumably be unacceptable in Direct Express. How will the Fiscal Service evaluate each offeror's historical performance related to timely ACH postings to card accounts?

A123 Applications must include a description of the applicant's proposed card funding (load and reload) procedures via the ACH network. Additionally, applications must describe the applicant's experience issuing debit cards including a description of projects that illustrate the capabilities of the applicant. If an applicant has experienced one or more significant delays in funds availability with previous card programs, we would suggest that the applicant describe what processes and safeguards have been implemented to prevent a similar occurrence in the future.

Q124 How will the Fiscal Service evaluate a Financial Agent's ability to respond to regulatory and other challenges in the media? How will the Fiscal Service support the financial institution with this activity?

A124 Applications must include a description of the applicant's capabilities in handling media and other high-profile inquiries, including a description of the resources available to handle adverse publicity. Applicants are also encouraged to describe their capability to monitor and respond to comments and questions regarding Direct Express that are posted on social media or other online forums. The Fiscal Service will be available to coordinate media responses and support the Financial Agent as appropriate.

Q125 As the Fiscal Service knows, mergers are not uncommon in the financial services industry. Does the Fiscal Service anticipate any exercising any review and approval role for pending mergers, acquisitions, or takeovers of the selected Financial Agent(s) and/or their partners? Should offerors disclose any such pending activity in their proposals?

A125 Applicants are not required to disclose any pending mergers. While the Fiscal Service has no role in reviewing or approving mergers, acquisitions, or takeovers, the Fiscal Service will have the right under the Financial Agency Agreement, in its sole discretion, to treat any successor entity as the Financial Agent.

Q126 Will the deadline for the application of submissions (originally due to the Fiscal Service on February 15, 2019) be extended due to the federal government shutdown?

A126 The deadline for application submissions has been extended to 5:00pm (ET) March 8, 2019. Please see <https://fiscal.treasury.gov/directexpress/>

Q127 Do all enrolled accounts receive a payment each month? Does every card enrollment result in a funded card account? If not, what percentage of enrolled accounts result in a funded account? What is the average lifetime of a Direct Express account?

A127 Most but not all enrolled accounts receive a payment each month. Not every card enrollment results in a funded card account. We cannot provide information on the percent of enrolled accounts that result in a funded account nor on the average lifetime of a Direct Express account.

Q128 Please describe the 4641 asset verification process: How many requests are handled today, and what percentage are actually found to have card accounts on the Direct Express system?

A128 Please see <https://www.ssa.gov/improperpayments/afi.html> or contact the Social Security Administration for additional information.

Q129 If a bank is already responding to the 4641 asset verification process as part of their retail business, can they use the same process for Direct Express or is a unique process required?

A129 No unique process is required for Direct Express.

Q130 Is the Financial Agent required to support Medicaid Asset Verification for Direct Express?

A130 The Financial Agent is required to participate in SSA's asset verification program (Form 4641) for Direct Express accounts it issues.

Q131 What other types of asset verification is the Financial Agent required to support? State SSI, Nursing Homes, other?

A131 None

Q132 Based on the response to question 18 that you cannot provide statistics on dollar amounts and transaction counts for teller withdrawals, can you provide the percent of teller withdrawals based on all cash transactions? Any data you can provide to quantify the teller cash access levels will be helpful in developing a proposal because those can be significant costs.

A132 We cannot provide data on dollar amounts and transaction counts for teller withdrawals only nor can we provide the percent of cash transactions that are teller withdrawals.

Q133 Will the incremental cost of the requirement to issue an EMV card to be taken on by the Fiscal Service or will cost be assumed by the Financial Agent? Are these cards required to be contactless EMV? Are they required to be chip & PIN (i.e., specifically not chip & signature) for all EMV transactions?

A133 Applicants should specify how they would meet the EMV requirement in their proposal, including any pricing they would anticipate charging the Fiscal Service in order to meet the requirement.

Q134 Based on the response to question 18 where it states there are 276,593 cards issued per month, can you provide how many are new accounts, card reissues, or card replacements? If specific volume numbers cannot be provided, can you provide a percent for each category based on total cards issued per month?

A134 Of the 276,593 cards issued per month, on average, 103,283 per month are replacements for lost cards.

Q135 In response to number 16 E in the FASP, please elaborate on what the expectation is related to providing a nationwide surcharge-free ATM network. Is there an expectation on the minimum number of surcharge-free ATM terminals that the Financial Agent must make available to cardholders? How will the "nationwide" element be evaluated? That is, if a network lacks good coverage in, for example, Louisiana, how would that affect scoring? Would it result in disqualification?

A135 One of the evaluation criteria that will be used to evaluate proposals is benefits to the cardholder population which includes access to surcharge-free ATM network. There is no specific

number of surcharge-free ATM terminals required. However, the ability for cardholders across the country to make cash withdrawals is an important consideration in the selection of a Financial Agent.

Q136 Is the Financial Agent responsible for supporting the Fiscal Service on internal audits or reviews (either by Fiscal Service management, the Treasury, IG, GAO, OMB, or others)? If so, please provide frequency and description of Financial Agent support required. Is billing Treasury allowed for the staff time (e.g., to run special, ad-hoc reports) required to fulfill such requirements, if any?

A136 The Financial Agent will be responsible for providing support to the Fiscal Service as needed for audits or reviews. The frequency and description of such support in the future is not known. Any services in support of audits or reviews for which compensation is sought and the amount of that compensation should be included in the applicant's proposal.

Q137 Are there any idiosyncrasies in the customer service process for Direct Express, as compared to more standard commercial prepaid card programs, like payroll cards? For example, how do cardholder's authenticate themselves in CSR interactions? Is it based on the sixteen-digit account number or SSN or some other credential?

A137 Authentication procedures will be established by the Financial Agent. The Direct Express cardholder population includes cardholders with unique needs (e.g., disabled, homeless, or unable to resolve card issues without assistance from the paying agency). Please see the Requirements, Section 16(j) and Appendix B.

Q138 What involvement does Fiscal Service have in the process for setting velocity limits related to cash withdrawals and spend amounts to protect the cardholder and program from fraud? Is the Financial Agent able to add or modify velocity limits independently? Who determines the appropriate balance between ensuring account access and maintaining low fraud rates, the Fiscal Service or the Financial Agent?

A138 Velocity limits are set by the Financial Agent but engagement with the Fiscal Service is expected to ensure the unique needs of the Direct Express program are taken into account.

Q139 Does Fiscal Service anticipate that these deposits of government benefit payments will be considered "brokered deposits" in the future? If they do, would Treasury be willing to offset the additional burden that would place on the Financial Agent?

A139 The FDIC has taken the position that deposits of government benefits through Direct Express do not constitute brokered deposits.

Q140 If individual cardholders are determined to be a fraud risk (e.g., due to a pattern of fraudulent or abusive behavior), can the Financial Agent expel such cardholders from the program? What is the current experience of the program in this respect? What is the average number of cardholders removed each year?

A140 The Financial Agent is responsible for monitoring Debit Card activity for fraud and may terminate a cardholder account where the financial agent has cause to believe that fraud has occurred in connection with the card or that the card has been misused. A determination that fraud or misuse has occurred must be based on, and consistent with, the Financial Agent's usual and customary criteria.

Q141 If the Fiscal Service awards Direct Express to more than one Financial Agent, how will the program administer situations in which an existing Direct Express cardholder begins receiving a new benefit? If, for example, if a person is receiving VA benefits on a Direct Express card provided by the incumbent Financial Agent (A) and then (after 2020) that person becomes eligible for Social Security pension payments, would he/she receive a new Direct Express from the Financial Agent (B), too? In that case, the payee would have two different Direct Express cards from two different issuers? How would such enrolments be handled? Please clarify.

A141 Anyone receiving a new benefit such as Social Security payments, including existing Direct Express cardholders, may choose to receive that benefit by various means, for example by direct deposit. It is not yet known how new benefits received by existing Direct Express cardholders who choose to receive the new benefit via Direct Express, will be handled.

Q142 If there are multiple Financial Agents, will Fiscal Service cover additional costs associated with misdirected cardholder contacts made to the incorrect Financial Agent? What steps will Fiscal Service take to ensure such confusion is minimized?

A142 The Fiscal Service will work closely with the Financial Agents to minimize confusion and misdirected calls. The services for which compensation is sought and the amount of that compensation should be included in the applicant's proposal.

Q143 What measurement or reporting requirements, if any, is Fiscal Service placing on the Financial Agent and any partners from a financial soundness, safety, and security standpoint?

A143 To be and remain a qualified Financial Agent, financial institutions must meet the requirements contained in 31 CFR Part 202. Fiscal Service may consider security concerns raised by an applicant's other card issuance and processing activities.

Q144 Does Fiscal Service require a repeat of the requirements in financial agent's response copy? If so, would it be acceptable to either exclude the explanatory sections of the requirements or reduce the font size of the requirement to allow ample room for the financial agent's response copy (considering the FASP response space limitations)?

A144 It is not necessary to repeat the requirements in the application. However, each section of the application should be titled so that it is clear to which section of the Requirements it is responding.

Q145 With the FASP response deadline moving to March 8, 2019, will this impact the remaining deadlines/milestones? If so, please publish the revised schedule for clarity.

A145 While the Fiscal Service will make every effort to minimize the impact of moving the application deadline on the targeted timetable, we have reset the expected timeline as follows:

Date	Event
3/8/19	Application submissions due to the Fiscal Service (5:00pm ET)
3/29/19	Fiscal Service notifies finalists

4/1/19 – 5/10/19	Fiscal Service sends sample Financial Agency Agreement to finalists; Finalists invited to make oral presentations if applicable; Fiscal Service Review Period
5/17/19	Fiscal Service selects Financial Agent(s)
5/31/19	Selected applicant(s) signs Financial Agency Agreement
6/3/19	Implementation planning begins
1/3/20	Services under new Financial Agency Agreement begin

Please note that the Fiscal Service may vary the timeline as necessary or appropriate and without advance notice to participants.

Q146 Has the timetable described in Q&A145 been revised?

A146 As we continue to evaluate the submitted applications, we are also developing a revised schedule for announcing a financial agent selection.

