

Direct Express Program Financial Agent Selection Process (FASP) Q&A

Question	Answer
Is there a deadline for submitting questions?	<i>There is no deadline for submitting questions, however, applications are due February 26, 2024 without exception.</i>
Will the funds be on the cards directly or will they be in a checking account with the Bank?	<i>The funds would be sent by Automated Clearing House (ACH), using the Prearranged Payment and Deposit (PPD) format, and would need to be deposited into an account that could be loaded onto the card. The funds would need to be made available directly on the card by 12am central on the date of payment specified in the ACH file.</i>
Would the recipients of the cards that our Bank would service be local to our area or nationwide?	<i>The Direct Express Program services customers all over the world in US Dollars.</i>
Approximately how many card recipients would each FI be expected to service?	<i>There are currently 3.6M active accounts. This volume is not guaranteed, but it is expected the selected FA would, at a minimum, be able to provide service for all current customers.</i>
How do Pre-paid card accounts operate from the banking side?	<i>The funds would be sent by Automated Clearing House (ACH), using the Prearranged Payment and Deposit (PPD) format, and would need to be deposited into an account that could be loaded onto the card. The funds would need to be made available directly on the card by 12am Central on the date of payment specified in the ACH file.</i>

<p>Who will be providing the debit cards? Also, what is the fee income?</p>	<p><i>The financial agent and/or their processor would be responsible for issuing the cards, and this plan should be detailed in the applicant's response to the solicitation.</i></p> <p><i>Historically, the fee income for the financial agent is from cardholder fees, interchange, interest on accounts, and any compensation from Fiscal Service that is outlined in the FAA.</i></p>
<p>Please clarify if Fiscal Service expects the Financial Agent to assist with efforts to convert current benefit check recipients to the Direct Express card, or whether the term EFT covers other electronic payment methods, beyond the Direct Express card (e.g. direct deposits).</p>	<p><i>Fiscal Service expects the financial agent to provide assistance with promoting the Direct Express card, including efforts to convert current check recipients to the Direct Express card. Fiscal Service is also interested in hearing any applicant proposals for the promotion of other EFT payment methods, including direct deposit.</i></p>
<p>“SSA uses a prenote, in the form of an ACH Corporate Trade Exchange (CTX) file and addenda to provide the Financial Agent with the information to set up card accounts, process card production, and mail cards to beneficiaries.” Could you elaborate more on the full process that is currently in place?</p>	<ul style="list-style-type: none"> • <i>SSA can accept Direct Express enrollments over the phone or in person at their local offices. These enrollments can include initial payments as part of the benefit enrollment process or be a request from a current check recipient to switch to Direct Express.</i> • <i>SSA adheres to its own internal processes to authenticate the recipient prior to capturing the information necessary to process a Direct Express enrollment.</i> • <i>If successfully authenticated, SSA captures enrollment information from the recipient and enters it into their batch enrollment system:</i> <ul style="list-style-type: none"> • <i>At the end of each day, SSA pulls the Direct Express enrollment information into a single corporate trade exchange (CTX), automated clearing house (ACH) file that is sent to the financial agent's processor through the ACH network.</i> • <i>The financial agent would use the information from the SSA ACH file to create card accounts for each enrollee and submit the updated payment information, notably the new account and routing numbers associated with each card, by an automated enrollment file (ENR) that is transmitted through the ACH network to SSA to update their payment files.</i>

<p>Are you leveraging the ACH network to transfer data, or are you simply leveraging the format of a CTX but sending a direct SFTP file transmission to the current provider?</p>	<p><i>The program currently leverages the ACH network to transfer this data in a CTX format.</i></p>
<p>Would you be open to enhancing/making the process more efficient with a more streamlined model for passing enrollment data and funding cardholders' accounts?</p>	<p><i>Ideas for process improvements are welcome. Please note that such improvements would need to be developed in coordination with paying agencies like SSA.</i></p>
<p>Please elaborate on the full details of the workflow after FRB Dallas enters an enrollment into the current proprietary portal.</p>	<p><i>The financial agent uses the enrollment information received from the web portal to establish the card account and subsequently transmit the updated payment information, namely the new bank account and routing transit numbers, back to FRB-Dallas.</i></p> <p><i>FRB-Dallas uses the updated payment information submitted by the financial agent to create an automated enrollment (ENR) file or other agency-preferred format that is sent to the appropriate Federal agency to make the necessary payment changes.</i></p>
<p>Does the government have any parameters on the definition of inactive cards or is it completely up to the applicant to define the period in which a card can remain open and available to receive funds, yet is still inactive?</p>	<p><i>With the exception of accounts that were never activated, the current Direct Express Financial Agent does not close inactive accounts. Please note that the eligibility of certain beneficiaries to receive benefit payments, such as individuals receiving SSI payments, may vary from month-to-month.</i></p>
<p>Please define the scope and expected functionality of the unique portal for paying agencies in more detail.</p>	<p><i>As stated in the Solicitation, Fiscal Service is seeking "a unique portal for paying agencies to utilize in the event they have specific issues or questions related to a recipient that has contacted them directly. This channel will be used to resolve issues such as the need for card replacements, authentication issues, and assist with cards suspended due to fraud or other causes." The applicant may propose any additional functionality for the portal.</i></p>
<p>Please confirm that the new FA will not be required to transition historical data from the current FA?</p>	<p><i>Although a new financial agent is not required to transition historical data from the current financial agent, Fiscal Service is amenable to the sharing of this information if it is legally permissible.</i></p>

<p>A. Please confirm that only the current FA can communicate with current cardholders about their transition options. i.e., the new FA will not be given information about how to reach current cardholders.</p> <p>B. Will this letter to the existing Direct Express accountholders be sent on January 3, 2025?</p> <p>C. If not January 3, 2025, how long does the incumbent Financial Agent have to mail the letter?</p>	<p><i>a. The current financial agent would need to contact current cardholders first before the new financial agent could contact them.</i></p> <p><i>b. The date of this letter will be dependent on the progress of the transition and will not necessarily coincide with the effective date of the new Financial Agency Agreement.</i></p> <p><i>c. There is currently no set timeline established for the mailing of this initial letter in the current FAA.</i></p>
<p>Is there a time period to determine that an accountholder is unresponsive (i.e., seven (7) calendar days from date of mailing)?</p>	<p><i>No, there is currently no established time period to determine that an account holder is unresponsive.</i></p>
<p>Please confirm that there will be one (1) and only one (1) mailing to the accountholders.</p>	<p><i>While there will at least be one mailing to accountholders, additional mailings and/or other types of communication with the cardholder may be necessary to facilitate an efficient transition.</i></p>
<p>We noted a requirement for chip cards: Is there a requirement to offer contactless card chips?</p>	<p><i>While contactless card chips are not a requirement in the solicitation, it would be a desirable feature to make card usage more convenient for the cardholder.</i></p>
<p>Should the incumbent also provide a transition proposal in case they do not retain the program?</p>	<p><i>While the incumbent is not required to submit a transition proposal, it may utilize the additional 5 pages allotted under the Solicitation to provide one.</i></p>
<p>Traditionally, government agencies are not provided access to customer account information due to the right of financial privacy requirements, based on the request of Fiscal Service to provide a portal to view cardholder accounts, is it the intent of Fiscal Service and/or the agencies to become an agent of the bank (Financial Agent) in order to view cardholder data?</p>	<p><i>Fiscal Service is not requesting that agencies have access to a recipient's protected financial information via the portal. The purpose of the portal would be to provide benefit paying agencies with the ability to help their benefit recipients receive cardholder support from the financial agent when the cardholder requires assistance and/or has difficulty authenticating themselves without the exchange of any protected financial information.</i></p>

<p>Appendix D. Page 1. Is the current ATM fee \$0.90 (as stated) or \$0.85 (as indicated on the program website)?</p>	<p><i>The current ATM fee is \$0.85 and the solicitation noted an ATM fee of \$0.90, which is the maximum amount that may be charged. See 75 FR 80315. However, applicants are encouraged to submit their best and lowest ATM fees for the Direct Express program, as Fiscal Service is seeking the lowest overall costs to cardholders.</i></p>
<p>What support will Fiscal Service provide to support a transition of the program?</p>	<p><i>Fiscal Service will facilitate the financial agent's coordination with the Federal Reserve Bank of Dallas and all of the paying agencies to assist with the development of the enrollment process, payment processing, and customer support at the agency level.</i></p>
<p>How will Fiscal Service and the benefit agencies promote Direct Express to drive enrollment?</p>	<p><i>Fiscal Service works with its fiscal agent, the Federal Reserve Bank of Dallas, to contact current benefit check recipients to convert to either direct deposit or Direct Express. This includes check inserts, letters, and social media messages explaining that Federal benefit recipients are required to receive payments electronically, either by direct deposit or Direct Express. Additionally, Fiscal Service works with the benefit agencies to identify opportunities to promote direct deposit and Direct Express to their recipients.</i></p>
<p>How will the Fiscal Service and benefit paying agencies support benefit re-enrollments for existing cardholders as part of the transition?</p>	<p><i>Fiscal Service is interested in the applicants' proposals for how it would safely and securely transition existing cardholders to their product. Fiscal Service will assist the financial agent by coordinating with the Federal Reserve Bank of Dallas and the benefit agencies to identify and implement a process of transitioning cardholders without any interruptions to the disbursement of benefit payments.</i></p>
<p>What data will the government provide for new enrollments and re-enrollments?</p>	<p><i>As stated in the solicitation, information about existing accountholders that will be made available to a new Financial Agent will include the accountholder's name (and, if applicable, the name of the representative payee), the accountholder's social security number (and, if applicable, the social security number of the representative payee), the most recent payment amount, and the most recent payment date.</i></p>

<p>How many replacement cards are sent on an annual basis (specific to lost/stolen card replacements initiated by customers)?</p>	<p><i>Approximately 100k replacement cards are mailed each month.</i></p>
<p>Is appendix B following the MOU process a minimum requirement?</p>	<p><i>Although an MOU process has not been formally established and its parameters could vary depending on agency preference and financial agent capability, the financial agent should expect to support a process in which the paying agency can directly contact the financial agent's customer service team to assist recipients/cardholders who have difficulty communicating and/or difficulty authenticating themselves.</i></p>
<p>Per the FASP, we plan to propose a Bank Merger Act-related transition approach. Such an approach would have unique costs for both the incumbent and the new Financial Agent. Can you describe how Fiscal Service would address and subsidize the unique costs associated with such an approach?</p>	<p><i>As stated in the Solicitation, applicants other than the incumbent must include in their pricing proposal any compensation required from the government associated with the applicant's role in transitioning existing Direct Express accounts from the incumbent to the applicant.</i></p>
<p>On page 13 there is an indication that accountholders “will not be able to load personal funds to the prepaid account,” but Section 24 on page 21 addresses “the potential for accountholders to add personal funds to Direct Express accounts.” Can you clarify the intent in this matter?</p>	<p><i>Currently, the Direct Express program does not allow cardholders to add personal funds to their card accounts. However, Fiscal Service may wish to change this parameter in the future as it continually looks to enhance the program for its cardholders. Applicants who wish to include a proposal for this account feature should submit a separate line item for it.</i></p>
<p>Will the incumbent be required to submit transition cost for reissuing cards that expires on, or close to, January 2, 2025?</p>	<p><i>No, the incumbent will not be required to submit transition costs for reissuing cards that expire on, or close to, January 2, 2025.</i></p>
<p>Has the incumbent issued any cards with an expiration date after January 2, 2025?</p>	<p><i>Yes, the incumbent has issued cards with an expiration date after January 2, 2025.</i></p>
<p>Can Fiscal Service please confirm (1) how long before the payment date the Financial Agent would receive the NACHA file, and (2) the process and timing for funds to be sent from the paying agencies/Treasury to the Financial Agent?</p>	<p><i>The date of receipt of the NACHA files varies depend on the month and the agency submitting the file. Fiscal Service will provide the financial agent with an ACH payment schedule for benefit payments at least 2 weeks prior to the payment date. However, the financial agent can expect to receive the ACH file at least one business day in advance of the payment date specified in the file.</i></p>

Will the incumbent be required to submit a transition plan describing any update to their current solution?	<i>No, the incumbent is not required to submit a transition plan.</i>
Can Fiscal Service clarify the reference to CIP/KYC and if the intent is specific to account serving related to sensitive functions such as card replacements, PIN selection, etc. or is Fiscal Service referencing the verification of the account holder as part of the account onboarding process?	<i>The reference to CIP/KYC is related to sensitive cardholder functions such as card replacements, PIN selection, and all other associated customer service functions. In response to the optional unscored component relating to personal funds addressed on p. 21 of the Solicitation, however, the applicant may address CIP with respect to account opening.</i>
How will Fiscal Service and the paying agencies handle rejected enrollments due to Financial Agent CIP/KYC (where the Financial Agent is unable to open an account)?	<i>Fiscal Service understands that additional CIP/KYC may result in an inability to open certain accounts and/or additional rejected enrollments that will need to be addressed with paying agencies.</i>
What level of support will Fiscal Service and benefit paying agencies provide to ensure transition of account data for existing cardholders?	<i>Fiscal Service will coordinate between all paying agencies and the financial agent to ensure transition of account data for existing cardholders.</i>
Would [a new financial agent] be required to assume liabilities associated with pending reclamations?	<i>The new financial agent may assume liability for reclamations pertaining to payments issued to the prior financial agent depending on the factual circumstances and the manner in which accounts are transitioned to the new agent, if any. A proposal on how this issue may be addressed in a transition is welcome.</i>
What is the timing required by Fiscal Service for the Financial Agent to provide a SOC1 and/or SSAE-18?	<i>Any applicable SSAE-18/SOC-1 report must be provided to Fiscal Service no later than September 30 each year and must report on the majority of the current federal fiscal year. Fiscal Service may require the financial agent to provide a bridge letter covering the period between the end date of the submitted SSAE-18 report and the end of the current federal fiscal year.</i>
Please define subscription service.	<i>The reference on p. 14 of the Solicitation to "subscription services" was an error. The corrected sentence should read: "Access to funds through digital wallets and other non-traditional accounts."</i>
What percent of accountholders receive multiple deposits to their card in a given month? If accurate data is not available, any best estimate is welcome.	<i>Less than 1% of accountholders receive multiple deposits in a given month. In some circumstances, such as when the 1st of the month falls on a weekend or holiday, this percentage will increase.</i>

<p>Can Fiscal Service please elaborate on “may be expected to develop?”</p>	<p><i>As stated in the Solicitation: "Applicant may be expected to develop, in conjunction and coordination with the FRB-Dallas, a web-based portal utilized for sharing and processing enrollment information between the two entities. This portal will allow FRB-Dallas call center agents to enter enrollment data into the applicant’s system, so that a debit card may be initiated in real time."</i></p> <p><i>Fiscal Service is interested in applicant proposals with respect to a such a potential portal.</i></p>
<p>How will the bidder price for this web-based portal?</p>	<p><i>Please include the amount of reimbursement required as a separate line item for this service.</i></p>
<p>Is Fiscal Services sending a \$0 CTX?</p>	<p><i>SSA is sending the FA a \$0 CTX file to the Financial Agent.</i></p>
<p>What account number is being used with the CTX?</p>	<p><i>The Financial Agent will need to provide an account for SSA to send the file to. If the incumbent is not selected, a new process will be developed between SSA and the new Financial Agent after selection.</i></p>
<p>Are there examples of submitted RFPs from the previous review process that we could access and review, possibly with omitted information or in full detail?</p>	<p><i>Prior bidders’ proposals are not released as part of the FASP process. If there are specific questions related to the solicitation, response format, or FASP procedure, please feel free to submit them here.”</i></p>
<p>What is the dollar value of reclamations applied against the program by year for the past 3 years?</p>	<p><i>2021 - \$53,755,428 2022 - \$40,184,190 2023 -\$40,642,612</i></p>
<p>Can Fiscal Service provide historical incoming fraud claim totals on an annual basis for the past 3 years?</p>	<p><i>Approximately 31,500 disputes are filed each month. Fiscal Service does not have access to the dollar amount associated with each claim.</i></p>
<p>What is the call volume specific to midnight on payment dates?</p>	<p><i>Fiscal Service does not currently receive that metric specific to peak disbursement on payment dates.</i></p>
<p>How many Direct Express enrollments does FRB-Dallas process monthly? What is the maximum number of enrollments that FRB-Dallas can process monthly?</p>	<p><i>FRB-Dallas averaged about 2,350 Direct Express enrollments per month. There were 28,016 total DE enrollments during CY 2023.</i></p>
<p>To whom would the inaccessible payments be returned if the card is destroyed? Would the issuance of a replacement card to access those funds be a better option than returning the funds?</p>	<p><i>If funds cannot be posted because no account exists, then the funds would be returned through the ACH Network to the paying agency. If an account exists, then the recipient should receive a replacement.</i></p>

How many surcharge free ATMs are available to Direct Express accountholders currently?	<i>Currently, there are approximately 120,000 surcharge free ATMs.</i>
What was the volume and dollar value of Direct Express Cash Access transactions completed at Walmart during Calendar Years 2022 and 2023?	<i>For CY 2023 (through November) there were 1,031,358 Walmart cash access transactions. For CY 2022, there were 1,078,775 Walmart cash access transactions. Fiscal Service does not have the dollar value of these transactions.</i>
How many of the current accountholder accounts are on the i2c platform, and how many accounts are on the Conduent platform?	<i>The current Financial Agent is in the midst of a cardholder transition that will be completed during CY 2024. Therefore, for planning purposes, the total count of current i2C cardholders is not relevant to potential future Financial Agent(s) supporting this program.</i>
How many accountholders use the i2c mobile app, and how many accountholders use the Comerica app?	<i>The current Financial Agent is in the midst of a cardholder transition that will be completed during CY 2024. Therefore, for planning purposes, the total count of i2C cardholders currently using the i2C mobile app is not relevant to potential future Financial Agent(s) supporting this program.</i>
Will the existing Direct Express accountholder information made available to a new Financial Agent be provided by the Agency, the incumbent, or both? Will the information provided to the new Financial Agent include the accountholder's address?	<i>As stated in the solicitation, information about existing accountholders that will be made available to a new Financial Agent will include the accountholder's name (and, if applicable, the name of the representative payee), the accountholder's social security number (and, if applicable, the social security number of the representative payee), the most recent payment amount, and the most recent payment date.</i>
Which ATM networks can Direct Express cardholders use to obtain surcharge free access to their funds?	<i>The current Direct Express Financial Agent's surcharge-free ATM Network includes Comerica Bank, Privileged Status, Alliance One, PNC Bank, Citizens Bank, MoneyPass, and MasterCard ATM Alliance.</i>
Can you provide the number of ATMs in each of the surcharge free networks?	<i>The current Direct Express Program offers 120,000 surcharge-free ATMs. Fiscal Service does not have the specific number of ATMs in each network.</i>
Please describe the methodology used for counting the ATMs.	<u>EDIT:</u> <i>Fiscal Service erroneously stated that the information is reported on a quarterly basis. The information is not provided by the Financial Agent in regular reporting but is rather provided upon request. As of Fiscal Service's most recent request, the Direct Express program offers 120,000 surcharge-free ATMs.</i>
How are the surcharge-free ATM numbers validated?	<i>As the program sponsor for Direct Express, Fiscal Service relies on accurate reporting from the Financial Agent.</i>

<p>In response to an earlier question, Fiscal Service indicated “Currently, there are approximately 120,000 surcharge free ATMs.” However, the official program website mentions “surcharge free ATM access at approximately 75,000 ATMs throughout the country.” Can you clarify the number of surcharge-free ATMs in the program today?</p>	<p><i>The website provides an outdated count; we will request that the Financial Agent update the website with the current count.</i></p>
<p>In 202.6, we noticed pledging of collateral security is specified. Will this be a requirement of the Fiscal Agent selected? If so, what are the levels/amounts required?</p>	<p><i>No. Because the Financial Agent will not be receiving deposits of public money, § 202.6 's requirement does not apply.</i></p>
<p>In 202.4 (Agreement of Deposit), there are several requirements around equal opportunity programs. Do applying financial institutions need to attest they meet all requirements as of the time of application, or is it adequate to attest that they will meet all requirements if selected?</p>	<p><i>It would be adequate for the applicant to indicate its intent to meet the § 202.4 requirements if selected.</i></p>
<p>Could the federal government entertain a discussion on adjusting the start date for our sponsorship to a point beyond January 1st, 2025?</p>	<p><i>As stated in the solicitation, if a new financial agent is selected, the new agreement would begin on January 2, 2025. The incumbent will continue to support the program for up to three (3) years beyond that date for both daily operations and transition activities.</i></p>
<p>Without full details on the revenues and expenses of the program, it is difficult to offer firm pricing. Is Fiscal Service willing to revisit pricing as the transition is underway to account for this?</p>	<p><i>Fiscal Service provided sufficient program information so that accurate pricing can be submitted. While pricing may be discussed with the selected financial institution before the FAA is signed, pricing is a material FAA term established before FAA execution.</i></p>
<p>Are the criteria listed for Part I considered minimum qualifications that must be met for a bid to be considered or are they scored components? If they are a mix, please describe for each.</p>	<p><i>All proposals must provide the information outlined in Part I. Where the criteria provide multiple options (e.g., description of customer service capabilities, etc.), a variety of approaches may be considered. Information on the specific factors that will be scored is not made available.</i></p>

<p>Will Fiscal Service allow multiple different pricing proposal approaches in a single bid?</p>	<p><i>Yes.</i></p>
<p>Will Fiscal Service allow a CPI-based adjustment to the fees proposed for cardholders and/or Treasury?</p>	<p><i>Fiscal Service would consider a CPI-based adjustment to appropriate fees proposed for Treasury. The maximum cardholder fees set forth in Appendix D of the Solicitation, however, were established by regulation and therefore are not currently subject to CPI-based adjustment.</i></p>
<p>Would Fiscal Service be willing to consider a bid that is based on program economics and market influences, including but not limited to (1) the number of accounts that will convert, (2) cost to support a large surcharge free ATM access network, (3) Network/FI teller cash expenses, (4) fraud losses, (5) reclamations, (6) enrollment fraud, (7) interest rates, and (8) other unknown economic impacts?</p>	<p><i>As stated in the Solicitation, Applicants may use any methodology for calculating proposed agent compensation.</i></p>
<p>Can Fiscal Service please clarify how long before funds become available in account holders' accounts (i.e. 12am Central on payment days) the funds are transferred to the financial agent?</p>	<p><i>Depending on the benefit type, funds are generally transferred to the Financial Agent 2-4 business days prior to when payments must be made available to cardholders.</i></p>
<p>Can you please provide clarification around the Treasury directives and which specific directives the Fiscal Service believes to be applicable to the services in scope so we can better understand the full range of requirements?</p>	<p><i>Treasury Directive 85-01 and Treasury Directive 15-71 are applicable to the services under the Financial Agency Agreement.</i></p>
<p>Can you please confirm that a table that is a figure in the proposal is considered a chart? Does that also include captions and callout boxes? Can headers and footers be smaller than 10 pt?</p>	<p><i>Yes. A table within the proposal is considered a chart and size 10pt font can be utilized. Captions, callout boxes, headers and footers can also be size 10pt font.</i></p>