



## U.S. Debit Card and Digital Pay Program (USDC) Financial Agent Selection Process (FASP) 2021

### Frequently Asked Questions (FAQs)

**Please note the following important information:**

**Submission Deadline EXTENDED - Applications must be received by the Fiscal Service no later than 5:00 pm ET on Monday, May 17, 2021.**

Any questions regarding the application submission process and program requirements must be submitted to Fiscal Service via e-mail, at [USDebitCardFASP2021@fiscal.treasury.gov](mailto:USDebitCardFASP2021@fiscal.treasury.gov). Fiscal Service will answer all questions as soon as possible and post questions and answers on <https://fiscal.treasury.gov/us-debit-card/>. The FI must submit its application by the deadline regardless of any outstanding questions it may have.

## Table of Contents

I. Overview .....	2
II. Projected Volumes .....	4
III. Financial Agent Selection Process .....	4
A. Legal Authority .....	4
B. Timeline for Selection .....	5
C. Evaluation of Proposals .....	5
IV. Application Submission Process .....	6
A. Application Format.....	6
B. Deadline .....	8
C. How to Submit Applications .....	8
D. Questions.....	8
V. Application Package .....	8
A. Transmittal Letter .....	8
B. Part I of the Applications .....	8
C. Part II of the Applications.....	11
Debit Card Features .....	11
Digital Pay.....	13



Settlement Processing/Reconciliation Integration .....	14
Customer Service – Payment Recipients .....	14
Proposed Pricing Structure.....	14
Security Compliance .....	15
Transition Plan/Implementation .....	17
Educational/Public Relations Services .....	18
Regulations .....	19
VI. Appendices.....	21
Appendix B .....	21
Appendix C .....	22

**Update Date:** May 17, 2021

## I. Overview

1. Why is Treasury looking for a new USDC financial agent now?

**Answer:** Treasury is considering applications at this time because the existing USDC financial agent agreement expires on September 30, 2021. Treasury intends to make a selection by late summer of 2021.

2. Who is the current financial agent for the USDC?

**Answer:** The current financial agent for the USDC is MetaBank, N.A., designated in 2016.

3. **(Date Received - April 14, 2021)** Section I, Overview, 5<sup>th</sup> paragraph states that USDC provides federal agencies with the ability to deliver Federal non-benefit payments. Can you please clarify how you define “**non-benefit payments?**” Can you please clarify how the non-benefit payments differ from benefit payments?

**Answer:** Federal non-benefit payments are payments that a federal paying agency has determined are **not** benefit payments. An example of a federal non-benefit payment is a stipend payment to research participants and an example of a federal benefit payment is Social Security retirement pay. The law related to garnishment and certain consumer financial protections may treat benefit payments differently from non-benefit payments.



4. **(Date Received - April 14, 2021)** How do you determine whether a payment should be made using Direct Express versus USDC?

**Answer:** Currently, Direct Express provides Federal **benefit payments** and USDC provides Federal **non-benefit payments**.

5. **(Date Received - April 20, 2021)** We received this e-mail from the Federal Reserve and I wanted to know if there is anyone that I can speak with about this. Looking for details of the program and what affect it would have on our Operations as well as income/fees that be involved?

**Answer:** Program detail requirements are outlined in the [solicitation document](#). **Sections I, II and V** specifically identifies the details of the USDC program.

6. **(Date Received - April 26, 2021)** Which 20 federal agencies are currently using the cards? Can you please list the use of the cards in each of the agencies? Which of the programs are the funds considered agency owned vs cardholder owned?

**Answer:** No, Fiscal Service at this time will not be able to share agency lists and use of the USDC program. Approximately, USDC has about 90 agency funds and 30 cardholder funds programs.

7. **(Date Received - April 26, 2021)** Are the two current agencies on digital pay using the virtual account setup? If so, which digital payment methods do they both use? Is the digital pay capability a substitution for prepaid cards? Can Fiscal Service provide an average (monthly, annual) transaction volume estimation?

**Answer:** To clarify, the digital payment is another payment delivery option like a debit card and both are using the virtual account set up. Please see below for an average transaction volume for digital pay for specified date range:

<u>Date Range</u>	<u>Total Amount Disbursed</u>	<u>Average Amount</u>
4/1/2020-6/30/2020	\$103,750	\$461.11
7/1/2020-9/30/2021	\$170,150	\$483.59
10/1/2020-12/31/2021	\$104,950	\$636.06
1/1/2021-3/30/2021	\$157,650.03	\$483.59



8. **(Date Received - April 28, 2021)** Who are the current agencies participating in the debit card program? Can average volumes (# of accounts, load amounts, spend, transaction type) be provided by agency?

**Answer:** See response from question #6. In addition, average volume by agency is not available at this time. Refer to **Appendix C – Program Statistics** for general USDC volumes and etc.

9. **(Date Received - April 28, 2021)** Have any agencies removed programs from USDC? Without providing detail about the agency/program, can you explain the reason(s) for the decision(s)?

**Answer:** Yes, some agencies have removed programs from USDC. Those agencies determined that USDC no longer fit their needs.

## **II. Projected Volumes**

1. **(Date Received - April 14, 2021)** Can you provide a list of current US Debit programs including their associated agency and each program's current number of cards, monthly transactions, and monthly loads? If you are unable to provide a complete list, can you please provide a representative list?

**Answer:** No, Fiscal Service at this time will not be able to share agency lists and its representatives. The program's current statistics are identified in Appendix C of the solicitation document.

## **III. Financial Agent Selection Process**

### **A. Legal Authority**

1. **(Date Received - April 12, 2021)** How does the process work overall?

**Answer:** If this question is referring to the Financial Agent Selection Process, please see Section III of the solicitation document.

2. Is this open to credit unions? Does the physical location(s) of the financial institution matter?

**Answer:** Yes, credit unions are eligible to serve as financial agents. Physical location of the credit union does not matter. However, all individuals and resources supporting the USDC must reside within the Continental United States. Please see **Section V. Part I of**



**the Application, (3)** of the “Requirements for Statements of Qualifications and Applications to Provide Prepaid Debit Card Services for the U.S. Debit Card and Digital Pay Program” for additional information.

3. Finalists must express their willingness to sign the Financial Agency Agreement (subject to mutually agreed-to modifications) prior to proceeding with the FASP. Might it be possible to see a copy prior to submission, or at least have some basic information on what it will contain over and above the language contained in this FASP Requirements document?

**Answer:** No, a copy of the Financial Agency Agreement will not be made available at this time.

4. **(Date Received - April 26, 2021)** If a FI partners with a card processor, does Fiscal Service compensate the processor directly for USDC services?

**Answer:** Fiscal Service considers a processor as a partner of the Financial Agent and does not pay the processor directly. Refer to **Section III. A. Legal Authority** of the solicitation document.

## **B. Timeline for Selection**

*\*No submitted questions currently.*

## **C. Evaluation of Proposals**

1. **(Date Received - April 15, 2021)** Evaluation factors for Phase 2 include the factors listed for Phase 1, and the “following **additional** factors.” However, the only 2 additional factors that listed are Payment Recipients Fee Schedule and Cost, both of which are already listed in Phase 1 evaluation factors. Are these the same evaluation factors that will be used in both Phase 1 and Phase 2? If not, can you please explain the differences between the two evaluation factors?

**Answer:** As identified in the **Evaluation of Proposals** section, Phase 1 evaluation factors will determine up to four (4) finalists. Then the finalist will be reassessed after oral presentations.

2. How will Treasury ensure the current FASP selection process is objective and fair?

**Answer:** Treasury has developed a FASP process and outlined the evaluation criteria for this USDC FASP 2021. Financial institutions that meet the requirements of the program



will all be carefully assessed through a process designed to ensure objectivity and fairness.

3. Is there a priority or scoring process for the evaluation criteria, which can be provided to prospective applicants?

**Answer:** The Fiscal Service does not plan to share our scoring methodology. All of the evaluation criteria will be used to evaluate applicants is listed in **Section III. Part C**, on page 6 of the requirements document.

4. **(Date Received - April 19, 2021)** Do bidders have the option of offering one vs all of the USDC services outlined within the requirements (e.g., digital pay, debit card or both)?

**Answer:** As identified in the USDC FASP 2021 solicitation document, both USDC debit card and digital pay services **are** required to be addressed in proposals. Refer to **Overview** (paragraph 5) and **Section III. C. Evaluation of Proposals** for factors being evaluated for this Financial Agent Selection Process (FASP).

5. **(Date Received - April 26, 2021)** Would Fiscal Service be willing to split the award among more than one FA? If so, would Fiscal Service accept a partial bid for either the US Debit Card portion **or** the Digital Payments portion of the program?

**Answer:** No, Fiscal Service will not split the award among more than one Financial Institution (FI). A single FI will be selected to be the Financial Agent to provide **both** USDC debit card and digital pay services as identified in the solicitation document. A bidding FI may choose to partner with a payment processor or another FI as identified in the **Section V. II. Part I of the Application, #2** to provide the services specified in the solicitation. However, only the bidding FI would be selected as the Financial Agent and any partner organizations, as identified above, would be contractors of the FA and would not have an FA relationship with the Fiscal Service.

#### **IV. Application Submission Process**

##### **A. Application Format**

1. Can we have your permission to include the Bureau of the Fiscal Service logo on our proposal cover page?

**Answer:** No. Fiscal Service does not allow the use of the Fiscal Service logo.

2. Can we include an Executive Summary/Solution Overview section as a separate file not to count towards the 35 pages limitation?



**Answer:** No, the 35 pages limit applies. Refer to Section IV, Part A of the requirements document for information.

3. Will the Financial Institution need to be registered with the U.S. Department of the Treasury to respond to the Request for Proposal (RFP)?

**Answer:** There is no registration requirement. The Financial Institution must be eligible to service as a Financial Agent under 31 CFR Part 202.

4. **(Date Received - April 23, 2021)** Will Fiscal Service consider a forty-five (45) page limit for Part II?

**Answer:** No, the limit for Part II of the application is not more than 35 pages as described in requirements.

5. **(Date Received – May 3, 2021)** May disaster recovery plans be provided as an attachment and excluded from the 40 allotted pages?

**Answer:** No, requirements must be addressed in each section of the application package. **To clarify**, as identified in **Section V. III. #13e** the requirement to be addressed in the proposal is “A general description of the Applicant's emergency and disaster recovery and contingency plans in the event of primary systems failure or other similar event, including call center locations, to be transferred to an alternate system and/or facility.” A Disaster Recovery Plan may be requested later if it may become relevant.

6. **(Date Received - May 3, 2021)** May bidders use 10 point font size for tables in addition to charts?

**Answer:** No, refer to **Section IV. A. Application Format #1** for requirement.

7. **(Date Received - May 3, 2021)** “A description of how the Applicant plans to meet performance measures related to customer service and deposit processing and documentation demonstrating experience in other card programs where performance measures were met or exceeded.” May this description and supporting documentation be provided in an attachment and excluded from the 40 allotted pages?

**Answer:** No, requirements must be addressed in each section of the application package.

8. **(Date Received - May 3, 2021)** “Applicants other than the incumbent must provide a high level project implementation and transition plan for USDC current and potential customers, including estimated implementation and transition timelines, a description of how the applicant would manage the transition and implementation of the program and



maintenance of documentation to support the project must be included.” May the project implementation and transition plan be provided as an attachment and excluded from the 40-allotted pages?

**Answer:** No, requirements must be addressed in each section of the application package.

## **B. Deadline**

1. **(Date Received - April 14, 2021)** Will Fiscal Service entertain an extension of Application submission response? Will Fiscal Service consider extending the submission deadline from May 10, 2021 to May 24, 2021? We believe that 2 additional weeks will allow our organization to submit the highest quality response.

**Answer:** **UPDATE (5/4/2021)** – submission deadline extended **no later than 5:00 pm ET on Monday, May 17, 2021.**

## **C. How to Submit Applications**

1. Does your internal firewall limit the file size of the response we send via email and, if so, what is the maximum file size allowed?

**Answer:** Fiscal Service limit file size of 62 MB per email.

## **D. Questions**

1. After the 1st round of questions are addressed, will there be a 2nd round for additional questions?

**Answer:** If there are additional questions, submit them to the designated email address. Continue to check the web page for posted responses.

## **V. Application Package**

### **A. Transmittal Letter**

*\*No submitted questions currently.*

### **B. Part I of the Applications**

1. What is a financial agent?





**Answer:** 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 and digital pay services for the USDC.

2. Why does Treasury offer the U.S. Debit Card and Digital Pay (USDC) Program?

**Answer:** Fiscal Service has legal authority to provide debit card and other payment, collection, and cash management services to agencies under 31 U.S.C. §§ 321, 3321, 3322, and 3332. The U.S. Debit Card and Digital Pay Program provides federal agencies with the ability to deliver Federal non-benefit payments through debit cards, as an alternative to checks, drafts, cash, and other non-electronic mechanisms; and (b) Digital Pay program that provides digital payments using email and phone number to agency payments recipients.

3. How is the USDC debit card different from a credit card?

**Answer:** The USDC debit card is a prepaid debit card that can be used for non-benefit federal payments only. For example, an agency provides allowance to agency federal employees, who help during a disaster through the use of a prepaid debit card issues by the USDC, which helps to streamline the program, reduce fraud, and provide detailed reporting. The USDC debit card is primarily issued to agency and non-agency employees and contractors. The USDC debit card does not provide a line of credit. With a credit card, you use the card to borrow money to make purchases and pay back the credit card company in part or in full every month.

4. The U.S. Debit Card and Digital Pay Program currently serves 20 federal agencies across over 110 different agency programs. Can you confirm that these are all domestic programs?

**Answer:** No, USDC has both domestic and international use.

5. Please differentiate between what are agency funds versus cardholder funds programs.

**Answer:** **Agency Funds** are funds that are credited to a debit card account or Agency Virtual Account, but which remain public money and are owned by the Agency. As public money, Agency Funds are not subject to state escheatment laws or garnishment and attachment orders. Agency Funds may be expended and accessed by payment recipients using debit cards and digital pay as authorized by the Agency. Agency Funds are not considered disbursed to the payment recipients until drawn down or spent by the



payment recipients. Agency Funds allocated to a debit card account or Agency Virtual Account but not disbursed, remain the funds of the Agency and may be transferred back to the Agency funding account. In addition to any applicable Federal Deposit Insurance Corporation (FDIC) insurance, Agency Funds are secured by collateral in accordance with the requirements of 31 CFR Part 202. Consumer protections offered by card branding associations do apply to Branded Cards and Agency Virtual Accounts (for example, Card Association Zero Liability policies).

**Cardholder Funds** are funds that are allocated to a debit card account and which are disbursed by the Agency when allocated. Upon card activation, Cardholder Funds are considered disbursed and are no longer public money, are owned by the cardholder, and are subject to state escheatment laws and garnishment and attachment orders. Upon activation, Cardholder Funds belong to the cardholder and cannot be recovered by the Agency, except when specifically authorized by Federal Law. Cardholder Funds are FDIC-insured and cardholders must be provided all of the consumer protections that apply to a payroll card account under Regulation E (12 CFR Part 205) unless and until the Consumer Financial Protection Bureau amends Regulation E to provide consumer protections to prepaid cardholders.

6. **(Date Received - April 9, 2021)** Would smaller, regional FA's qualify or would national FA's fit this role better? I work with many FA's that service Hawaii and can bring this to their attention if it would make sense to service a geographic region like Hawaii.

**Answer:** The selected FA will be required to provide USDC services worldwide, not just regionally. The FA is encouraged to work with partners, i.e., card processors, small financial institutions, etc., in providing pre-paid debit card and digital payment services that Fiscal Service provides to federal agencies. However, it is expected that the selected financial institution is aware of the fiduciary duty required of a Financial Agent selected to provide services for the Department of Treasury.

7. **(Date Received - April 26, 2021)** Would you allow off-shore call center servicing?

**Answer:** No, refer to **Section V. II Part I of the Application, #5** requirement.

8. **(Date Received - April 30, 2021)** As agencies express a desire to move to digital payments solutions, will these use cases be exclusively tied to the USDC program i.e., if an agency has a need or desire to make digital payments, will their only option be through the USDC program? Will other programs and program areas be able to offer digital payment solutions outside of the USDC program?

**Answer:** As identified in question #2, Fiscal Service has legal authority to provide debit card and other payment, collection, and cash management services to agencies under 31 U.S.C. §§ 321, 3321, 3322, and 3332. The USDC provides federal agencies with the ability to deliver Federal non-benefit payments through debit cards, as an alternative



to checks, drafts, cash, and other non-electronic mechanisms; and (b) Digital Pay program that provides digital payments using email and phone number to agency payments recipients. The federal agencies determine if they want to participate in USDC.

## C. Part II of the Applications

### Debit Card Features

1. What debit networks are currently supported on cards, and are these networks required on a go-forward basis?

**Answer:** The card should support nationwide and international use. There are no specific limitations or requirements beyond that.

2. **(Date Received - April 12, 2021)** Who owns the debit cards, do customers have to have accounts with us, card fraud process, reporting requirements etc.?

**Answer:** As identified in paragraph 3 of the requirements document, the selected Financial Agent issues the cards or digital payments and holds the legal account relationship with the payment recipients or customer agency. Once Fiscal Service disburses payments to the USDC accounts, the funds belong to either the customer agency or the payment recipients. After the disbursement occurs in **agency funds** model USDC programs, the customer agency will be a customer and account holder at the financial agent. After the disbursement occurs in **cardholder funds** model USDC programs, the payment recipient will be a customer and account holder at the financial agent. As customers and account holders at the financial agent, the customer agency or payment recipient will be subject to the same card fraud process and reporting requirements as any other customers or account holders at the financial agent.

3. **(Date Received - April 26, 2021)** Can you share potential use cases associated with the requirement to allow an agency to print/emboss cards on-site?

**Answer:** An agency customer requires the ability to print at its agency site additional information (i.e., photo) on the card so that the card can act as a form of accepted identification in addition to allowing access to cardholder funds.

4. **(Date Received - April 26, 2021)** For any of the currently established USDC programs, does the incumbent issuer mail any of the cards overseas? If so, to what overseas location(s)?



**Answer:** Yes, but cards are mailed ONLY to specified overseas addresses specified by agency.

5. **(Date Received - April 26, 2021)** In what scenario(s) are convenience checks sent to payment recipients? Are there any metrics available for the volume of convenience checks provided to payment recipients? Convenience check are blank checks that card issuers offer to their customers. These are checks that are typically drawn against funds available for use on a credit card, and sometimes debit cards.

**Answer:** It is expected that the FI have the ability to provide convenience checks if a customer agency requires it.

6. **(Date Received - April 28, 2021)** Can Fiscal Service elaborate on how specialized/custom functionality is used by different agencies. For example, on-site issuance, photo cards, claw-back, etc. How is current custom functionality used by different agencies (e.g. onsite issuance, photo cards)?

**Answer:** Many of the current USDC agency programs do not require specialized/custom functionality. Additional detail regarding the agencies that require specialized functionality will be provided post FA designation and FAA execution.

7. **(Date Received - April 28, 2021)** What is the current process for cardholders' to add funds to their prepaid account? Are funds loaded by payroll deductions or by employees themselves?

**Answer:** The USDC provides federal agencies with the ability to deliver federal non-benefit payments (both recurring and non-recurring) through debit cards and digital payments as an alternative to checks. USDC agencies determine when and how funds are added to a card account. Funds are not loaded via payroll deductions or by employee themselves.

8. **(Date Received – May 2, 2021)** Can you please give an example of the use case for an unbranded card in the question below? I assume you are asking for a card with no network association. Would this card be used for specific merchants and act similar to a closed loop card? More details would be helpful.  
Requirement: Applicant must be able to provide the following: Branded and unbranded cards with the capability to provide prepaid debit cards that can be used worldwide.

**Answer:** Currently, the USDC does not have programs utilizing unbranded cards. Unbranded cards are normally used for ATM use only. The applicant is expected to provide the solution if any agency requires it.

9. **(Date Received – May 3, 2021)** Ability to provide an agency capability to print (embossing) and personalize cards and image on agency site via interface with DataCard



Model SD260 printer and/or other agency required printers.” Is the FA required to provide printers, or do the agencies provide their own printers? What is the number of agencies expected to print cards onsite? What is the current volume of cards printed onsite monthly and annually? What is the general business purpose of the instant issuance cards? Can the Bureau clarify the programs/scenarios for which instant issuance is most commonly needed?

**Answer:** No, the FA is not required to provide printers. As identified in FAQ #3, currently an agency customer requires the ability to print at its agency site additional information (i.e., photo) on the card so that the card can act as a form of accepted identification in addition to allowing access to cardholder funds. The current number volume of cards printed onsite monthly and annually are 26,000 and 315,000+ respectively.

10. **(Date Received – May 4, 2021)** Section III. 1. f. Requirement: Ability for cardholder to add cardholder-owned funds to a separate personal debit purse to augment public transit benefits, as needed, and if not, the Applicant must provide an alternative solution for allowing cardholders to add separate funds, if possible. Can Fiscal Service please elaborate on the intent of this requirement?

**Answer:** Currently, there is no agency that requires this functionality, but there might be a possibility to set up separate purses on a consumer cardholder funds program to allow both an agency and a cardholder to add funds to the same card, similar to the Washington DC's Metro SmarTrip cards.

## Digital Pay

1. **(Date Received - April 28, 2021)** Can Fiscal Service elaborate on how it selects cardholders for digital payment or prepaid card usage within consumer-owned funds programs?

**Answer:** Fiscal Service does not select payment recipients. The U.S. Debit Card and Digital Pay Program (USDC) provides federal agencies with the ability to deliver federal non-benefit payments (both recurring and non-recurring) through debit cards and digital payments as an alternative to checks, drafts, cash, and other non-electronic mechanisms. The federal agencies determine cardholders based on the particular agency program requirements.

2. **(Date Received - April 30, 2021)** Debit Card Features, Virtual Account Services, C, Flexibility with the Virtual Account set-up, capability to use account in covert manner (i.e., no link between digital payment recipients and account created in a program), Can



you provide more information around what you mean by covert manner? Are you referring to tokenization here? Can you please provide an example?

3. **Answer:** The Virtual Account requirement related to covert manner is for agency funds programs where federal agencies may require virtual accounts created in FA's financial system to not be traced back to payment recipients.
4. **(Date Received – May 11, 2021)** Agency Virtual Accounts - Customer Profile Report: Provides a report that will identify the number of accounts per profile and list all the Virtual Account holders for a specific agency. Central Payments provides a profile report by hierarchy that satisfies core description this item. It is unclear why a list of all Virtual account holders by agency is not satisfied by item 1 *Enrollment Status Report: Provides users with enrollment status information?*

**Answer:** The reports have different purposes, but if one report can satisfy both requirements it will be allowed.

### Settlement Processing/Reconciliation Integration

1. **(Date Received – May 4, 2021)** “Applicant’s ability to manage the settlement processes with the integration of other Fiscal Service systems such as the Treasury Offset Program (TOP) or the Secure Payment System (SPS) certification, and with considerations of any agency process, as applicable.” Can the Fiscal Service clarify the type of integration required with TOP and SPS and the point at which integration occurs within the settlement processing?

**Answer:** Planning for the integration is being reviewed. The FA should have the ability to work with agencies to develop automated processes that would allow for TOP or SPS review during the card set up and funding process.

### Customer Service – Payment Recipients

1. **(Date Received - April 28, 2021)** Does the existing program support complaint reporting? If so, who handles – the FA, Fiscal Service or the agency and what is the approach?

**Answer:** Yes, the current FA handles the complaint reporting.

### Proposed Pricing Structure





1. **(Date Received - April 14, 2021)** Can fee schedules differ by agency and by payment flow? If so, are there perimeters that must be met? If not, will Fiscal Service consider this approach during negotiation of programs?

**Answer:** Currently, the Payment Recipients Fee Schedule for the identified transaction types in Appendix A of the requirements document is standard to all USDC programs. Fiscal Service expects to keep a standard Payment Recipients Fee Schedule for all USDC. As identified in **Section III. C. Evaluation of Proposals** that Payment Recipients Fee Schedule will be evaluated for Phase 1 to determine the proposed fee schedule meets or beats the current fee schedule and would then allow applicant to be invited to the next phase.

2. **(Date Received - April 14, 2021)** Does Fiscal Service allow for cost recovery of card issuance for large programs such as EIPs?

**Answer:** Fiscal Service, under certain unique card issuance needs (i.e., EIPs) would consider cost recovery if requested and justified by the financial agent.

3. **(Date Received - April 26, 2021)** Are we converting current EIP & Non-EIP or just issuing go forward?

**Answer:** If a new FA is selected, non-EIP current programs will be transitioned. As identified in the **Section V. 8. Proposed Pricing Structure, (ii) Compensation**, program statistics regarding stimulus payments (i.e., EIPs) are included only for future scale purposes of the program and existing economic impact payment cards will not be part of the transition if a new FA is selected.

4. **(Date Received - April 30, 2021)** Can you opine on the 2016 class action lawsuit against a former USDC Federal Financial Agent in which a group of cardholders claimed that they were being charged excessive fees? How is this risk being managed in the existing program?

**Answer:** Fiscal Service was not a party to the 2016 class action lawsuit.

## Security Compliance

1. Will Fiscal Service outline the specific directives or confirm that the scope of security Treasury Directives - 85?

**Answer:** Because the financial agent is not operating a Treasury system, as a general matter Treasury security directives applicable to systems (including those in TD-85) will not be applicable. However, we are requiring the financial agent not to operate the program from an offshore location or utilize employees other than US citizens or lawful



permanent residents. In addition, to the extent that the Financial Agent's employees are given accounts to access Treasury systems, such as, but not limited to, systems used to deliver reports, those employees would be required to sign a Rules of Behavior statement and may also be required to take annual online security training not exceeding 2 hours in duration. In addition, any data that the Financial Agent transmits to Treasury must be encrypted using FIPS 140-2 validated encryption products. Treasury requires financial agents to undergo security continuous monitoring of services provided under USDC. Refer to the **Section V.III. Part II of the Application, #13 Security Compliance** of the requirements document.

2. Can the Fiscal Service provide the security, testing, change control, enterprise architecture, data retention, data protection, governance, and other requirements that will need to be complied with?

**Answer:** The applicant should meet all standard security requirements of financial agents for all Fiscal Service programs identified in the solicitation requirements. These compliance requirements may change as Federal regulations and requirements evolve. Testing and change control will be done on as needed basis, outside of standard regulatory requirements. Enterprise architecture is not specifically determined by Fiscal Service but should meet the reporting and funding needs of multiple agencies with multiple programs and subprograms. Applicant should expect to assist federal agencies to ensure data sets meet the financial institution's architecture. Data retention, data protection, and governance should be in line with industry standards and Federal regulations.

3. **(Date Received - April 26, 2021)** Which set of controls will be required for this effort? 800-53 or 800-171?

**Answer:** NIST SP 800-53 controls will be required for this effort. The USDC program would need to define any audit/assessment schedules for USDC during the Financial Agency Agreement (FAA) negotiations.

4. **(Date Received - April 26, 2021)** Will this require a fully documented System Security Plan (SSP)?

**Answer:** USDC does not currently require a fully documented SSP.

5. **(Date Received - April 26, 2021)** Will this require a 3<sup>rd</sup> Party Assessment of the controls and SSP to produce an Authority to Operate (ATO)? What is the timeline for the ATO to be complete if required? Who will be responsible for the costs of those assessments? What other activities will be required as part of these assessments? Pen testing? Credentialed Vulnerability Scans? Continuous Monitoring of controls annually?





**Answer:** As identified in **Section V. #13 Security Compliance Section**, a yearly Statement on Standards for Attestation Engagements no. 18 (SSAE 18) audit report is required. Although USDC does not currently require a fully documented SSP, Fiscal Service requires USDC to complete similar related documentation to produce an approved Acceptable to Use (ATU) memo/package for external services before Financial Agent providing services. As identified in the timeline, once Fiscal Service designates a Financial Agent, USDC will start and work with the Financial Agent in completing the similar related documentation and identify any audit/assessment schedules for USDC during the Financial Agency Agreement (FAA) negotiations.

6. **(Date Received – May 11, 2021)** Is the SSAE 18 the only acceptable report or is it allowable for a respondent to commit to electronic delivery of the FA's annual 10-K filing? Our Executive Head of Audit is indicating the SSAE 18 audit report is the generally required element for non-publicly traded companies. The SSAE 18 is superseded by a company's annual 10-K filing as a publicly traded entity in accordance with Sarbanes Oxley Section 404 requirements of the SEC. While some publicly traded companies opt to produce both reports, many publicly traded companies, as is the case with The Bancorp, only produce the annual 10-K as it contains the same information and producing both has previously been determined to be an unnecessary duplicative effort in complying with SEC requirements. Can the Treasury and/or the BFS confirm that a company's 10-K delivered electronically will satisfy the requirement?

**Answer:** As identified in **Section V. III. #13c**, SSAE 18 is required annually for **Security** compliance.

### **Transition Plan/Implementation**

1. Given that many cards currently in circulation are single load where card reissuance isn't practical, what is the expected handling of these cards upon implementation of the new provider?

**Answer:** The transition plan will be dependent on agencies' needs. Some agencies may require that card be replaced regardless of remaining balance. Other agencies may require that only new enrollments/cards be issued by the selected Financial Agent. The applicant is expected to provide their recommended solution in accordance with **Section V. III. #15** of the requirements document.

2. **(Date Received - April 26, 2021)** With the existing USDC financial agent agreement set to expire on September 30, 2021, when would you expect that the new FA would be



asked to respond to requests for additional cards for new and/or current agency programs?

**Answer:** Should a new FA be selected, the designated FA should be prepared to issue the first cards no later than six months following the signing of the agreement.

## **Educational/Public Relations Services**

1. **(Date Received - April 14, 2021)** Does Fiscal Service have someone specifically dedicated to discussing USDC with federal agencies to both educate them and compel them to use this solution? If not, do you have any plans to do so in the future?

**Answer:** Yes, and refer to **Section V, III. Part II of the Application, #17** Educational/Public Relations Services, third paragraph.

2. **(Date Received – May 3, 2021)** Is Fiscal Service looking to have two web-based training ‘portals’; one providing continuing education for employees and one for customer awareness? If yes, is there an estimated number of employees that would access the training portal?

**Answer:** As identified in **Section V. III. #17**, applicant must demonstrate its ability to provide training to agencies on how to use FI’s information technology system or any web-based client platform and its ability to support agency customers during program onboarding or implementation, educate agency on overall USDC, how USDC will be set up for each agency specific implementation, and the setup of interface. Estimated number of employees that will require training is not available.

3. **(Date Received – May 3, 2021)** How many customer surveys were initiated in 2020?

**Answer:** One survey was conducted in 2020.

4. **Date Received – May 3, 2021)** How many training videos are currently available to Fiscal Service?

**Answer:** Currently, there is no video available for training, however weekly training is provided. Additionally, training is provided during onboarding meetings between agencies, Fiscal Service, and the FA.

5. **(Date Received – May 3, 2021)** How many pieces (**brochures, flyers, or letters**) were designed and mailed in 2020?



**Answer:** Currently, brochures, flyers, or letters are not designed and mailed for USDC. However, 840k reminder letters were sent to cardholders for the first round of Economic Impact Payment (EIP) cards.

## Regulations

1. We note that the FASP dictates that REG E privileges be extended to all cards within the program as in a payroll card. Does this mean that the financial institution issuing the cards may utilize the “alternative to periodic statements” that Regulation E currently Looks permits for payroll card accounts (Section 205.18(b)? Will the CFPB be issuing a regulation to such effect or will the government provide a hold harmless/indemnification to the financial institution if it chooses to utilize the “alternative to periodic statements” for accounts that do not otherwise qualify as “payroll” accounts for purposes of Regulation E?

**Answer:** Yes. An applicant can provide alternatives to monthly statements, and Fiscal Service will not indemnify the financial agent for utilizing alternatives to periodic statements. Currently, agencies do not require payment recipient monthly statements, but the applicant should also expect to provide monthly statements on new programs if agencies require them. Fiscal Service does not have any insight regarding whether or not the CFPB will be issuing a regulation impacting pre-paid debit cards.

2. **(Date Received - April 14, 2021)** Section 19(e), Regulations, states that the USDC is not exempt from the Dodd-Frank Wall Street Reform and Consumer Protection Act, “Regulation II, Debit Card Interchange Fees and Routing.” Please provide clarification based on the following questions:
  - a. The Dodd-Frank Act itself does provide an Exemption for government-administered programs. Will this exemption still apply to USDC?
  - b. If the government-administered programs exemption does not apply to USDC, can you please explain why?
  - c. If the government administered programs exemption does not apply to only some of the types USDC programs, can you please explain why it wouldn’t apply to these types of programs?

**Answer:** The USDC will be exempt from Regulation II’s interchange transaction fee restrictions if an applicant’s proposed fee structure .5(a)(1).

3. **Date Received - April 26, 2021)** Are US Debit Card signature point-of-sale transactions exempt from Regulated Interchange (i.e. Durbin)?

**Answer:** The USDC will be exempt from Regulation II’s interchange transaction fee restrictions if an applicant’s proposed fee structure provides that no fee is charged to the cardholder by the issuer for the first withdrawal per calendar month from an ATM that is



part of issuer's designated ATM network. *See* 12 CFR 235.5(b) and 12 CFR 235.5(d)(2). The USDC will also be exempt from Regulation II's interchange transaction fee restrictions if the applicant is a small issuer pursuant to 12 CFR 235.5(a)(1).

4. **(Date Received - April 26, 2021, Revised April 28, 2021)** Does US Treasury have a point-of-view on the process fiscal agents choose for adhering to AML/BSA compliance requirements. For example, potential reach out to Agency's for additional cardholder information or transaction details which may delay loads and/or transactions?

**Answer:** Fiscal Service expects Financial Agent to have process in-place for adhering to AML/BSA compliance and report any suspected financial crime according to regulations and guidance and work with USDC agency POCs and the Fiscal Service. Thus, the process should not interfere with the agency's regular program activities (i.e., availability of funds).

5. **(Date Received - April 27, 2021)** Please confirm that cards used for payment types or purposes that do not meet the definition of a "prepaid account" are not subject to the legal requirements of prepaid accounts. For example, an expense card provided for non-consumer payments would not be subject to the legal requirements of consumer prepaid accounts.

**Answer:** USDC cards that are used for payment types or purposes that do not meet the definition of a "prepaid account" are not subject to the legal requirements of prepaid accounts. For example, EIP cards did not meet the definition of "prepaid account" in Regulation E because they were loaded exclusively with qualified disaster relief payments. Accordingly, the provisions of Regulation E did not apply to the EIP cards.

6. **(Date Received - April 27, 2021)** Please confirm that compliance with 31 C.F.R. 210.5(b)(5)(D) and by extension the provisions of 12 C.F.R. Chap 1005 as it applies to "prepaid accounts", as that term is defined in 12 C.F.R. 1005.2(b)(3). For example, payroll payments would be made to a card that offers the protections of "payroll card accounts" as defined by 12 C.F.R. 1005.2(b)(3)(i)(A) as laid out in 1005.18. Other consumer payments would be made to other types of cards that might be subject to different requirements under 1005.18.

**Answer:** USDC program cards meet the requirements of 31 CFR 210.5(b)(5)(i) Note, however, that not all USDC program cards are considered "prepaid accounts" under Regulation E. For example, EIP cards did not meet the definition of "prepaid account" in Regulation E because they were loaded exclusively with qualified disaster relief payments. Accordingly, the provisions of Regulation E did not apply to EIP cards. All USDC program cards must comply with all relevant regulations, including all relevant provisions of Regulation E. But not all provisions of Regulation E will apply to all USDC program cards. Fiscal Service expects the Financial Agent to monitor compliance with Regulation E and all other relevant law and regulations.



## VI. Appendices

### Appendix B

1. **(Date Received – April 28, 2021)** Appendix B – Call Center Statistics:

- a. What will be the average handle time for Customer Service Agents?

**Answer:** The average handle time for Customer Service Agents is 4.5 minutes.

- b. What languages are supported and what is the call volume of each language?

**Answer:** English and Spanish are available supported languages for USDC call center. Currently, no call volume statistics are available for supported languages.

- c. How many systems/applications are used to support the caller?

**Answer:** This information is currently not available and it is considered propriety information.

- d. What is the expected occupancy model for call center agent?

**Answer:** This information is currently not available and it is considered propriety information.

- e. What are the hiring and background requirements?

**Answer:** If this question is related to Call Center, FA will be responsible for hiring and background requirements. In addition, as identified in **Section V. III. #13** – Treasury Directives require that Financial Agents and their contractors shall comply with Title 28, United States Code, Section 1829. The FA shall complete background screenings within 90 days of the effective date of the FAA, and will complete periodic reinvestigations. Financial Agent employees and contractors, who are working on this project, including call center employees, must be US citizens or lawful permanent residents as identified in **Section V. I. Part I of the Application, #5** requirement.

- f. Will training materials be provided?



**Answer:** If this question is related to Call Center, FA will be responsible for Call Center and training materials.

- g. How long is the current training timeframe?

**Answer:** If this question is related to Call Center, FA will be responsible for Call Center training.

- h. Will Fiscal Service provide "a train the trainer" approach for the selected vendor? for the trainer sessions be provided?

**Answer:** Once an FA is selected, FA will learn about the program.

- i. Can this be a work from home solution?

**Answer:** If this question is related to Call Center, FA will be responsible to determine if this is a work from home solution.

## Appendix C

1. **(Date Received - April 14, 2021)** Chart E: Cardholder Balances -USDC Programs (pages 30-31), shows the cumulative monthly cardholder dollars loaded. Does cumulative monthly cardholder dollars mean:
- The amount loaded that month.
  - The amount loaded that month + any amount that wasn't spent from prior months?
  - If neither of the above definitions apply, can you please provide a definition?
  - Can you please share the average load per card by month for the USDC programs?

**Answer:** Cumulative monthly cardholder dollars loaded equals new accounts enrolled and funded plus the accounts previously in place, and still active. The average load per card for USDC is \$176.84.

2. **(Date Received - April 14, 2021)** What percentage of cards do you expect to need conversion to a new provider?

**Answer:** As of April 23, 2021 we estimate 57% of 206,856 active cards will be converted, should a new FA be selected. Please note that the number of active cards



fluctuate based on programs starting and stopping. For instance, in **Appendix C – Program Statistics, Chart G** shows the fluctuation.

3. **(Date Received - April 14, 2021)** What percentage of cards are currently re-loadable excepting EIPs?

**Answer:** All USDC cards can be reloadable, however not all programs are set up with reloadable feature and depends upon each agency requirement use of the cards. As of April 23, 2021, 45% of 206,856 active cards are reloadable. Please note that the Appendix C – Program Statistics, Chart G for the total number of active cards were from January 2021.

4. **(Date Received - April 26, 2021)** Can you please clarify your answer in FAQ VI.1 related to Chart E in the appendix of the FASP? You noted that “cumulative monthly cardholder dollars loaded” equals new accounts enrolled and funded, plus the accounts previously in place and still active. As such, are you able to provide historical monthly load volumes (Dollars and Number of Cards) for the same period shown on Chart E?

**Answer:** To clarify, the total number of cards is identified in **Chart G – Account Volume**.

5. **(Date Received - April 26, 2021)** If the information requested above cannot be provided, can you confirm whether the Chart E is representing that in the month of January 2021 that total balances on all cards totaled approximately \$12 MM at the end of the month?

**Answer:** The \$12 million is the **dollars loaded** in January 2021 to the total active cards, which was defined in the **Chart G – Account Volume** for each month. Note that the loads referenced in the table could have been put on new accounts enrolled that month or on accounts that were previously in place and still open.

6. **(Date Received - April 26, 2021)** 2015 FASP expected this portfolio to be around 700,000 active cards. From Jan 2020 to Jan 2021 active cards dropped from 403,000 to ~160,000. What are the growth expectations of these programs? What happened in Sep ‘20? Actives dropped from 303,000+ to about 180,000.

**Answer:** As identified in **Section II. Projected Volumes**, Fiscal Service cannot predict the number of federal non-benefit payments to individuals or federal agencies who will be utilizing the USDC. Some agency programs have been impacted by the COVID-19 global pandemic that resulted in decrease in volume.





7. **(Date Received - April 26, 2021)** Are you able to provide us with the current USDC fee schedules for both debit and digital pay services – with the fees included for the transaction types listed in Table A?

**Answer:** No, Fiscal Service will not be providing the current fee schedules as it is propriety information.

8. **(Date Received - April 26, 2021)** Table A – Transaction Types has reference to “Transfer Funds to a Bank Account via ACH Transfer.” Can you confirm whether a card account to bank account transfer can be limited to the bank account of the actual cardholder, or is there an expectation that funds can be transferred to any bank account?

**Answer:** The expectation is to transfer any funds from cardholder’s card account to a personal bank account owned by the cardholder.

9. **(Date Received - April 26, 2021)** Table A – Transaction Types has a reference to “inactivity fees.” Does the footnote related to this fee type mean that the FA cannot charge this fee more than three times for the life of a given card? If so, can the FA close agency accounts upon a period of inactivity?

**Answer:** Yes. Yes, the period of inactivity prior to closure can be negotiated.