



FEMA

W-07056

September 5, 2007

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators
and the NFIP Servicing Agent

FROM: Kevin Montgomery
COTR/Financial Management Specialist
Mitigation Division

REFERENCE: WYO Clearinghouse Bulletin W-07048, dated August 2, 2007

SUBJECT: Credit/Debit Card Processing

In response to inquiries regarding Fifth Third Bank, the new credit card processing administrator for the National Flood Insurance Program (NFIP), please note that the Agency Participation Agreement (APA) will be signed on behalf of each participating Company by FEMA/NFIP. For this reason, Individual Companies are not required to sign an APA.

The APA sets forth the terms and conditions for participation in the credit/debit card acquiring service and requires all participating Companies to follow the policies and procedures referenced below:

1. FMS Card Processing Rules and Regulations; and
2. The Treasury Financial Manual sections related to credit/debit card acquiring processing

Copies of the referenced documents are attached; please become familiar with the provisions in each. Included are further clarification of the purpose of the APA; the requirement to honor all valid cards and confirm the card validation code; transaction limitations; and data security standards. Pay.Gov and Fifth Third Bank are compliant with the Payment Card Industry (PCI) Data Security Standard. However, the security standards required by Treasury and OMB are much more stringent than those of PCI.

If you need additional information or assistance, please contact Richard Drake, the account representative for Fifth Third Bank Processing Solutions, at 513-358-1866.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative
Routing: Accounting (required), Claims, Data Processing

FMS Card Processing Rules and Regulations

Since you ("Agency") have entered into an agreement with the Financial Management Service ("FMS") to receive Visa, MasterCard, American Express, Discover, and debit card ("Cards") acquiring services, FMS's Financial Agent will credit and debit your agency account for all credit and debit card acquiring transactions. The Agency must comply with and be bound by the VISA, MasterCard, American Express and Discover Card Rules and Regulations ("Card Rules"). These Card Rules may be altered or amended from time to time at FMS's sole discretion and without notice. The Agency also must comply with and be bound by the Visa U.S.A Inc. By-Laws and Operating Regulations, the Visa International Operating Regulations and any other rules, policies or requirements of Visa or any of its subsidiaries or affiliates (collectively "Visa Rules"), the MasterCard International Inc. By-Laws and Operating Regulations and any other rules, policies or requirements of MasterCard or any of its subsidiaries or affiliates (collectively "MasterCard Rules"), and the American Express Card Acceptance Operating Rules for the Federal Government, any of which may be altered or amended from time to time and without notice. The Agency agrees to follow and be bound by the rules and regulations of the aforementioned networks, as amended from time to time, to the extent that these rules and regulations do not conflict with federal law and/or the terms of the FMS Card Processing Rules and Regulations. In the event of a conflict, federal law and/or the terms of the FMS Card Processing Rules and Regulations shall govern. The network rules may provide more specificity regarding some of the items mentioned in the FMS Card Processing Rules and Regulations. If clarification is gained from researching the network rules, it will not be deemed a conflict with the FMS Card Processing Rules and Regulations. To the extent, that the rules and regulations of these networks, as amended from time to time, are or become inconsistent with the best interest of the Federal Government, as determined by FMS in their sole discretion, FMS may agree not to apply the rule or regulation determined to be inconsistent.

1. General Acceptance Provisions

A. Agency Participation Agreement (APA) and Applications

- The Agency will establish a processing relationship for Credit and Debit Card Acquiring Services by completing and submitting the Agency Participation Agreement (APA) and application to FMS for approval.
- The Agency may not engage in mail order, telephone order, delayed delivery, and/or Internet transactions unless indicated on the Agency application and subsequently approved by FMS in writing. If the Agency determines that a change in their collection process is needed, such as adding Internet transactions or Over the Counter (OTC) transactions, the Agency must seek prior approval from FMS.
- If the Agency requires an additional cashflow, a new application must be submitted to FMS for prior approval.

B. Honoring of Cards

- The Agency must honor all valid cards within the appropriate categories of acceptance when properly presented as payment from cardholders.
- Outside of the FMS limitation defined in the section "Limitations on Credit and Debit Card Collection Transactions", the Agency must not establish minimum or maximum

sales transaction amount as a condition for honoring a card. Additionally, no fee can be charged or added to the transaction amount when using a credit or debit card for payment.

- The Agency must validate all cards by ensuring the signature on the back of the card matches the signature on the transaction receipt. In the absence of a signature, then validate the card with proper identification. When a card is not present such as with an internet based transaction, (a) the Card-validation code (CVV2, CVC2, CID) – the three digit value printed on the signature panel of a Visa, Mastercard or Discover, and the four digit code printed on the front of an American Express card must be validated in order to honor the card transaction.
- The Agency must not (i) try to dissuade cardholder from using any Card; or (ii) criticize or mischaracterize any Card, services, or programs; (iii) try to persuade or prompt cardholders to use any particular Card or (iv) engage in activities that harm the business or brand of Visa, MasterCard, American Express or Discover.

C. Use of Service Marks

- The Agency must display the Visa, MasterCard, American Express, and Discover promotional materials, in the same manner, at the points of interaction to indicate that all cards will be honored. At a minimum, the service marks should be placed near the entrance of the Agency or posted on a web site. No service mark for a specific card type will be omitted from the display requirements.
- The Agency may use Visa, MasterCard, American Express, and Discover wordmark on promotional, printed, or broadcast materials, in the same manner, to indicate cards are acceptable for payment. No wordmark for a specific card type will be omitted when creating any promotional, printed or broadcast material. The Agency may not indicate that the Associations or FMS endorse any goods or services.

D. Authorization

- The Agency must obtain authorization for each sales transaction for the total amount of the transaction. An authorization code only indicates the availability of a cardholder's credit as of the time the authorization is obtained.
- If a sales transaction is not authorized, the Agency must not complete the sale. A declined sales transaction is originated from the bank that issued the card.
- When the cardholder is not physically present for the actual transaction, the Agency must require the Card Validation code for the CVV2 for Visa cards, the CVC2 for MasterCard cards, the CID for Discover cards and American Express cards.
- If the standard method of acquiring an authorization is not available, the agency must obtain an authorization by calling the Financial Agent authorization telephone number.

E. Settlement:

- The Financial Agent is authorized to credit and debit the Agency's deposit account for any sums due from the agency.
- The Agency must deposit only transaction receipts that result from cardholder transactions with that Agency.
- Except as provided in the following paragraph, the Agency will transmit the completed Batch to the Financial Agent within one (1) business day after completion of the card transaction.
- The above time requirements shall not apply: (i) until the goods are shipped or the services performed, unless the Cardholder agrees to a delayed delivery of the goods or services at the time of the transaction; (ii) if the Agency requested and received authorization for delayed presentment (the authorization number and the words "Delayed Presentment" shall be legibly noted on the transaction form) presentation will be made within the period permitted for delayed presentment; (iii) if the Agency is obligated by law to retain the transaction form or return it to the Cardholder upon timely cancellation, presentment will be made as soon as permitted after the date of the transaction; and (iv) if the Agency has multiple locations or offices and a central office or facility is responsible for collecting and transmitting all transactions, presentment will be made within three (3) calendar days after the date of the transaction.

F. Limitations on Credit and Debit Card Collection Transactions

- FMS has established a limit for card collections to cash flows that consist only of individual transactions less than or equal to \$99,999.99. If the agency's cash flows include individual transactions greater than \$99,999.99, then the agency should use another electronic collection alternative for those cash flows. Available electronic alternatives include Automated Clearing House debits or credits and Fedwire transactions. Please contact FMS, if assistance is needed to implement these alternatives.
- Individual transactions greater than \$99,999.99 may not be split into two or more transactions. For a customer that attempts multiple transactions on the same day on the same card, those transactions that cause the total charges to exceed the limit of \$99,999.99 will be rejected by the Financial Agent.
- All transactions greater than \$99,999.99 will be rejected.

G. Disclosure and Storage of Cardholder Information

- The Agency must not disclose a cardholder's account information nor any other personal information to third parties other than to the Agency's agent(s) for the sole purpose of assisting the Agency in completing the transaction or as specifically required by law. Suspicious requests for account information should be reported immediately to the Agency's designated relationship manager at FMS.
- The Agency terminal location agrees to retain in its files legible copies of each sales draft and credit draft for a period of at least 90 days, and further agrees to deliver the

paper copy of any sales draft or credit draft in its files to the Agency central point of contact, or to such person as the Agency may designate, within such period after request therefore as is required by law or by the Visa, MasterCard, and Discover Rules and Operating documents, not less than 12 months and not less than 24 months for American Express.

- The Agency agrees to preserve all of the Agency's records relating to each Card Transaction, including the underlying transaction forms, for a period of at least six (6) years from the date of such Card purchase.
- The Agency or contractors working with the Agency must not retain or store magnetic-stripe data subsequent to the authorization of a sales transaction.
- The Agency or contractors working with the Agency must not retain or store Card validation code (CVV2, CVC2) or CID data subsequent to the authorization of a sales transaction.
- The Agency will immediately follow the Office of Management and Budget (OMB) Personally Identifiable Information (PII) guidelines (located on the OMB website at <http://whitehouse.gov/omb/>) related to accidental or purposeful disclosure of cardholder information. The Agency will contact their legal counsel to identify the specific requirement for reporting to OMB. The Agency will notify the Financial Agent of a disclosure of cardholder information.

H. Retrieval Requests and Chargeback Processing

- The Agency will have five (5) business days to locate and return requested sales draft retrieval to the Financial Agent. Failure to return the requested sales draft retrieval within five business days, or to provide an explanation of why the sales draft retrieval cannot be located or returned will result in a Financial Agent chargeback to the Agency.
- The Agency agrees to resolve any claims or complaints arising from Card Transactions directly with Cardholders. If the Financial Agent receives notification from any authorized Card issuer that their Cardholder has been unable to resolve any such claims or complaints through proper Agency channels, the Financial Agent and the Agency will work together to resolve the claim or complaint. If a claim cannot be resolved, the Financial Agent will debit the Agency account for the agreed upon amount of the claim and forward to the Agency a copy of the debit advice and supporting documentation.
- The Financial Agent will be responsible for maintaining an online system that will allow for the automation of the chargeback process, and they will communicate directly with the Agency to obtain all information necessary to resolve the dispute.
- When a chargeback is properly made, the Financial Agent shall debit the Agency's account for the proper amount of the transaction.

I. Audits

- All credits and debits to the Agency’s deposit will be subject to review, audit and correction by the Financial Agent.

J. Data Security

- The Payment Card Industry (PCI) Data Security Standard offers a single approach to safeguarding sensitive data for all card brands. Other card companies operating in the U.S. have also endorsed the PCI Data Security Standard within their respective programs.
- The Agencies will comply fully with PCI standards. FMS will determine how PCI standards will apply to each individual agency and will provide them with tailored guidance.
- The PCI Data Security Standard consists of twelve basic requirements categorized as follows:

K. Training of Key Personnel

- The Agency will review all credit and debit card collection processes and ensure that key staff is properly trained to accommodate VISA, MasterCard, American Express, Discover, and debit cards.
- The Agency will ensure that training is conducted on transaction chargeback procedures in conjunction with the Financial Agent.
- The Agency is responsible for its employees' actions while they are employed.
- The Agency may contact the Financial Agent to provide consulting assistance and training on processing credit and debit card acquiring services. This training may include assistance on how to reconcile card activity daily, demonstrations on the reporting capabilities, and how to operate or trouble shoot equipment issues, etc

L. Disability Compliance

- The Agency must be 508 compliant. Under Section 508 (29 U.S.C. '794d), the agency must give disabled employees and members of the public access to information that is comparable to the access available to others. (See <http://www.section508.gov> for additional information).
- The regulation covers the physical device or product utilized to gain authorizations, including Internet software gateways, terminal locations and all equipment associated with providing the convenience of credit card payment processing.

M. Written Response

- The agency will respond to all written inquiries from FMS within a period of no more than thirty (30) calendar days from the date of receipt or as specified in the inquiry.

2. Over the Counter Processing of Credit and Debit Card Transactions

A. Processing Procedures for Signature Based Transactions:

- Before concluding a Card Transaction, the Agency employee will determine, in good faith and to the best of their ability, that:
 - a. The Card is valid on its face;
 - b. For Visa and MasterCard cards, the Agency employee will ensure that the four digits printed below the account number are the same as the first four digits embossed on the card;
 - c. If the Card bears a "valid from" date, that such date has passed;
 - d. The Card bears the signature of the Cardholder;
 - e. If the Card bears a termination date; that such date has not expired; and
 - f. The Cardholder's signature has not been visibly altered.

- The Agency employee shall examine one or more Card security features, if required by the Financial Agent or requested by the card issuer, before concluding a Card transaction.
- The transaction form is to be signed in the Agency employee's presence, and the Agency employee will compare the signature on the transaction form to the signature on the Card to ascertain that they appear to be the same. NOTE: The signature may, but need not be, the name embossed or printed on such Card. For American Express Cards, the Agency must ensure that the Card is signed in the same name as the name on its face (except for prepaid cards that show no name on their face). If the Card has a photograph of the Cardholder, the Agency employee will determine that the Cardholder and the person presenting the Card appear to be the same person. If such identification is uncertain or if the Agency employee questions the validity of the Card, the Agency will call the Financial Agent's authorization telephone number for instructions.

B. Processing Procedures for PIN-based Transactions:

- Interlink Network is a national on-line debit card network and an affiliated of the VISA system. Maestro U.S.A. Network in an international on-line debit card network and an affiliate of the MasterCard system. The Interlink and Maestro U.S.A. Networks operate under distinct operating rules and regulations. The Interlink and Maestro U.S.A. Networks will be referred as the "National/International Networks." There are other various networks that are considered regional on-line debit card networks. Each Regional Network operates under its own set of operating rules and regulations. These debit card networks will be referred to as "Regional Networks." The Agency must comply with and be bound by National/International and Regional Network rules and regulations to the extent these rules apply under the terms of the FMS Card Processing Rules and Regulations and do not conflict with Federal law.
- The Agency shall have appropriate Point-of-Sale (POS) devices. The Agency POS terminal equipment will be situated to permit Cardholders to input their PINs without revealing them to other persons, including agency personnel. The PIN keyed in by the Cardholder will not be displayed, transmitted or stored in non-encrypted form. The Agency POS terminal equipment must comply with the Data Encryption Standards required by National/International and Regional Networks.
- The Agency POS terminal equipment, and related transaction equipment such as electronic cash registers, must be fully compatible with the central processing unit of the Financial Agent or its designated processor, and must be able to directly send, receive and process information, on-line authorizations, and daily on-site reconciliation for the balancing of close-out procedures.
- The Agency will require the Cardholder to enter his or her PIN when initiating an on-line debit card transaction. The Agency is not permitted to complete any POS debit card transaction, via the Agency POS terminal, which has not been authorized on-line by the Financial Agent and/or the National/International or Regional Network.
- The Agency will not accept cash, checks, or other negotiable instruments from any Cardholder and forward a credit through a National/International or Regional

Network, as a purported payment of deposit to an account maintained by the Cardholder.

C. Returned Merchandise

- The Agency must not process a credit transaction without having completed a previous purchase transaction with the same cardholder and the same card. The refund or adjustment indicated on the credit draft must not exceed the original transaction amount.
- Authorization is not required when a refund is given to a cardholder.
- If any merchandise is accepted for return, or any services are terminated or cancelled, or price adjustment is allowed by the Agency, the Agency must not make any cash refund to the cardholders credit card account, instead shall process a credit draft to the cardholders account evidencing such refund or adjustment, unless required by law.
- The Agency may limit its acceptance of returned merchandise provided that proper disclosure is made by the Agency. Proper disclosure by the Agency is determined to have been given at the time of the transaction if (i) the Agency informs the cardholder orally of its return policy and (ii) the Agency's return policy is clearly stated on the sales draft that is signed by the cardholder. The return policy on the sales draft should have the following words or similar wording legibly printed on all copies of the sales draft, in capital letters at least ¼ inch high and in close proximity to the space provided for the cardholder's signature or invoice being presented to the cardholder for signature:
 - (1) **"NO REFUND, ALL SALES FINAL"** -- For the Agency which does not accept merchandise in return or exchange and does not issue refunds to cardholders.
 - (2) **"EXCHANGE ONLY"** -- For the Agency which only accepts merchandise in immediate exchange for similar merchandise of a price equal to the amount of the original transaction.
 - (3) **"IN-STORE CREDIT ONLY"** -- For the Agency which accepts merchandise in return and delivers to the cardholder an in-store credit equal to the value of the merchandise returned which may be used only in the Agency's place(s) of business.

D. Cash Payment/Cash Disbursement/Cash Deposit

- The Agency may not receive any payments from a cardholder with respect to charges for merchandise and/or services which are included on a sales draft resulting from the use of a card.
- The Agency may not disburse cash to a cardholder and then process such activity as a Card sales transaction.
- The Agency may not process a money order or wire transfer transaction for a cardholder and then process such activity as a card sales transaction.

- The Agency may not receive cash, a check, or other value from a cardholder for the purpose of preparing and/or depositing a credit draft that could result in a deposit to the cardholder's account.

E. Multiple Sales Drafts and Partial Consideration

- The Agency must include all items of goods and/or services purchased in a single transaction in the total amount on a single sales draft, except in the following situations:
 1. For purchases in separate departments of a multiple-department store, and
 2. For partial payment transactions when the balance of the amount due is paid by the cardholder at the time of the transaction in cash, by check, with another card or card, or any combination of these payment types.

F. Delivery of Sales Drafts and Credit Drafts

- The Agency must deliver to the cardholder a true and completed copy of the sales draft evidencing a transaction involving use of a card. This copy must be delivered at the time of the delivery of the goods and/or performance of the services, or, for transactions initiated at point-of-sale terminals, at the time of the transaction.
- The cardholder must not be required to sign a sales draft until the final transaction amount is known and indicated in the "total" column.
- The Agency must not issue a Credit when there is no corresponding Charge.
- The Agency will ensure that the following information is entered legibly on each credit draft:
 - a. The Agency name and address;
 - b. The name and account number embossed on the Cardholder's Card;
 - c. The interbank number (if applicable);
 - d. The date of credit;
 - e. A description of the goods or services for which credit is being given;
 - f. The amount of credit for each item;
 - g. Any applicable taxes;
 - h. The total amount of the credit draft;
 - i. The initials of the person making and approving the credit draft; and
 - j. The Agency employee signature.

G. Equipment

- The Financial Agent will provide direct support for all POS terminals and related supplies currently in the FMS Card Services portfolio. For a current listing of supported POS Terminal devices contact the Financial Agent's help desk for products and pricing.
- The Financial Agent will provide the requested equipment and related supplies and ship on the same day all equipment orders that are received by 3:00 PM EST and all supply orders that are received by 12:00 PM EST.

- The Agency will be directly responsible for the acquisition and cost of the POS terminals and related supplies and will remit payment of the associated invoice directly and timely to the Financial Agent.
- The Agency can purchase all types of supported terminals including those with wireless capabilities, handheld-battery operated models with built in printers to provide receipts, those with traditional dial up connections, as well as Ethernet connections for DSL, cable and other high-speed, IP-based communications.
- The Agency must seek a replacement terminal within three (3) calendar days of the inability to process transactions and deposits. If in a replacement situation, the Financial Agent will attempt to provide the same terminal if requested or a model with reasonably comparable functionality.

H. Delivery of Non-Electronic Sales Drafts and Credit Drafts (Short Term Contingency only)

- The card must be swiped through the terminal. If the card account number is not read electronically from the magnetic stripe, the Agency must obtain an imprint of the card, and contact the Financial Agent's authorization telephone number to authorize the transaction before it is presented to the cardholder for signature. The imprint must be signed and dated by the cardholder to complete the transaction.
- The Agency must deliver all non-electronic (e.g. paper) sales drafts and credit drafts to the Financial Agent within three calendar days after the applicable transaction date. If the Agency has multiple locations or offices and a central office or facility is responsible for collecting and transmitting all transactions, presentment will be made within seven (7) calendar days after the date of the transaction. This paragraph has been added only in the event of a contingency situation where a terminal would not be available for a period of time. If this event occurs, then the paper drafts will be forwarded to the Financial Agent for authorization and settlement, unless specified otherwise.
- An Agency may not present to the Financial Agent, either directly or indirectly, any sales draft or credit draft which was not originated as a result of an act between the cardholder and the Agency.
- The Agency will ensure that the following information is entered legibly on each credit voucher: (1) the Agency name and address; (2) the name and account number embossed on the Cardholder's Card; (3) the interbank number (if applicable); (4) the date of the credit; (5) a description of the goods or services for which credit is being given; (6) the amount of credit for each item; (7) any applicable taxes; (8) the total amount of the credit voucher; (9) the initials of the persons making and approving the credit voucher; and (10) the Agency employee signature.
- If a Card is presented, but the sales transaction is completed without a Card imprint, the Agency will note legibly on the transaction form sufficient detail to identify: the Agency's official name and address; the name of the card issuer as it appears on the face of the card; the account number, the interbank number and the interbank initials (if applicable), the expiration date (or, in the case of a Card bearing a dual date, both

the effective date and the expiration date); the Cardholder name and/or any company name; and any other embossed data such as security symbols.

3. Internet and Telephone Processing of Credit and Debit Card Transactions

A. Mail Order, Telephone Order, Delayed Delivery, and Internet Transactions

- The Agency may accept credit cards over the Internet using the World Wide Web (“WWW”). Card data accepted via Internet services, such as electronic mail, is prohibited.
- The Agency assumes all risk associated with accepting mail order, telephone order, delayed delivery, and internet transactions, including, but not limited to, fraudulent sales transactions.
- For the transactions specified below, the Agency shall type or print legibly on the “signature” line of the sales draft.
 - a. “TO” for telephone order transactions.
 - b. “MO” for mail order transactions.
 - c. “E-Commerce” for electronic commerce transactions.
- On the sales draft, the Agency must clearly print the (i) cardholder's account number (only hash marks and the last four digits of the card), (ii) date of the transaction, (iii) description of the goods and/or services, (iv) amount of the transaction (including shipping, handling, insurance, etc. charges), (v) cardholder's name, (vi) cardholder's billing address, (vii) ship to address, (viii) authorization code and (ix) Agency's name and address.
- The Agency shall use Secure Sockets Layer (SSL) protocol to secure Internet based transactions. Any transaction whereby a SSL security session cannot be established with the cardholder’s Web browser shall be denied.
- The Agency shall not store any card numbers on a Web server or otherwise maintain a database of card numbers on a machine accessible from the Internet or accessible to unauthorized Agency Local Area Network users. Workstations where card numbers are keyed or otherwise entered are to be secured from the Internet via the appropriate firewall and networking configurations.

4. Intragovernmental Card Transactions

- Intragovernmental is defined as a purchase of goods and services from one government agency by another government agency with a government issued credit card.
- The Agency may accept credit cards, issued under the GSA SmartPay (the Federal government’s charge card program) contract, for Intragovernmental sales of goods and

services.

- The Agency must have a dedicated terminal or PC software for Intragovernmental use and should not use the same site to accept collections from the public.
- The Agency will also have a separate account key for Intragovernmental transactions.
- The Agency must not engage in accepting intragovernmental transactions unless indicated on the agency application and allowing for subsequent approval in writing by FMS.
- The Agency will be solely responsible for all charges for intragovernmental collections. FMS will not be liable for any charges or liabilities incurred through the agencies participation. The Financial Agent will directly invoice the Agency on a monthly basis. The Agency will pay with appropriated funds within 30 days of the receipt of the invoice.

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PLASTIC CARD COLLECTION NETWORK

This chapter prescribes procedures to be observed by all Federal agencies, for establishing and maintaining accounts in the Plastic Card Collection Network (PCCN) and for processing Federal agency credit card and debit card receipts.

Section 4710 - Authority

Regulations governing this chapter are issued under 12 U.S.C. 265, 266, 1464(k), 1725(d), 1789a, 31 U.S.C. 3720(a). All funds are to be collected by Electronic Funds Transfer (EFT), which includes credit and debit cards, when cost effective, practicable, and consistent with current statutory authority. Financial Management Service (FMS) exercises its authority by using designated depositories to support Governmentwide credit and debit card collection services.

I TFM 6-8000 establishes the policy regarding cash management practices within the Federal Government concerning regulations, systems, and procedures.

Section 4715 - Definition of Terms

Agency - Any department, instrumentality, office, commission, board, service, government, corporation, or

other establishment in the executive branch of the Federal Government.

Agency Application - The initial document prepared by an agency and submitted to FMS, requesting an account in the PCCN.

Agency Participation Agreement - The PCCN agreement that establishes the terms and conditions of the agency's participation in the Master Agreement between the FMS and the financial institution for Plastic Card services.

Bank - A financial institution (FI) designated under 31 CFR 202 as a depository and financial agent of the U.S. Government and authorized by FMS to perform plastic card collection services for Federal agencies.

Chargeback - Transaction reversed by bank due to incomplete transaction information or inappropriate handling as prescribed in Master Agreement.

credit Card - Any valid card as prescribed in Master Agreement and Agency Participation Agreement, such as VISA USA or MasterCard-International.

Debit Card (ATM CARD)- The name adopted by the industry for a card that authorizes a debit to a customer's banking account. The machine readable plastic card allows electronic withdrawals from

checking or savings accounts via an ATM or enables a cardholder to make retail purchases at a merchant's location. Funds are transferred electronically to a merchant's account from the cardholder's account.

Electronic Data Capture - Process by which point-of-sale (POS) terminals maintain (through internal memory) complete information on each credit or debit card transaction. For credit card transactions, this information can be electronically transmitted in batch mode at time of settlement to the plastic card bank.

Financial Institution (FI) - See "Bank", above. These terms are synonymous.

Master Agreement - An agreement signed by FMS and each FI in the Plastic Card Collection Network to provide plastic card collection services to Federal agencies.

Network - The FIs authorized by FMS to provide credit or debit card collection services to Federal agencies. Each FI can provide service nationwide. Only these FIs are authorized to provide debit or credit card services to Federal agencies.

Section 4720 - Plastic Card Services Offered Through the Network

This section provides an overview of the debit and credit card services available to agencies. The basic debit and credit card services are provided to agencies at no cost (see I section 4735).

4720.10 - Authorization Services

The FI provides for authorizing transactions electronically, by voice, or by paper (on-line debit card transactions must be authorized electronically). By authorizing the transaction, the agency ensures its validity by immediately determining that the card is not lost or stolen and that the user has sufficient funds in his or her credit line (or account, in the case of debit transactions).

Agencies having more than 100 monthly credit card transactions must perform electronic authorization. Voice and paper authorization of credit card transactions should be used on an exception only basis as a backup to electronic authorization. Every transaction must be authorized and agencies should work with the FI to determine the most appropriate authorization technique.

NOTE: If an agency is not performing the authorization properly (by procedure), all costs above the agreed upon method will be assessed to the agency.

4720.20 - Training

Agencies will arrange with FI representatives to receive training in a "train the trainer" format. The trained agency officials will then teach other employees. This includes distributing operating guides, instructions, and other documentation.

4720.30 - Supplies

Agencies will access the necessary supplies from the FI representative to process credit and debit card transactions. These supplies include sales drafts, imprinter plates, and promotional items. Prior to agency implementation, agencies will ensure that FIs deliver these supplies to each agency location, as needed. To expedite resupply, each agency should maintain a bulk supply at agency headquarters or regional locations.

4720.40 - Chargebacks

Agencies will work with the FIs to resolve and minimize the occurrence of chargebacks, (transactions reversed by the cardholder FI, the cardholder, or the Network Bank). Agencies can avoid most chargebacks by ensuring that personnel are thoroughly trained in processing transactions and by processing transactions electronically.

4720.50 - Data Elements and Formats

Agencies will work directly with the FIs to establish required data elements and formats so the FIs' systems properly interface with agencies' information systems to update accounts receivable. These services will be provided at no cost to the agency. Any additional, program-related data capture and transmission will be paid for by the agency.

4720.60 - Dedicated Communication Lines

Agencies will seek the FIs' advice and assistance in procuring dedicated lines for electronic authorizations. The agency pays the costs for these dedicated lines. Depending on the agencies' needs and configuration, the FI provides appropriate advice on costs for each option. The FI will coordinate ordering, implementing, and installing dedicated lines with telecommunication companies.

4720.70 - Settlement Data/Activity Reports

To meet its reconciliation needs, the agency will use deposit reports, provided by the FI. Agencies will inspect activity reports for accuracy, then report any discrepancies to the FIs and FMS.

4720.80 - Telephone Order Assistance

Agencies shall consult with the FI to determine

the most effective means of processing telephone credit card orders.

Section 4725 - Application/Implementation Process

Agencies should interview with all PCCN FIs to assess the FIs' understanding of an agency's program and its level of commitment to offering flexible services. Although each FI has signed an identical contract with FMS to perform PCCN services, an agency may find one FI to be more responsive to its particular needs.

Agencies interested in accepting credit and/or debit cards should obtain applications from Network FIs or FMS. A completed application will be sent to FMS to be analyzed against the objectives shown in I TFM 5-4730. Once the application is approved by FMS, Agency Participation Agreements for either credit cards, debit cards, or both must be signed by the agency and FI. The Agreement then must be forwarded to FMS, for the final signature. An Agreement must be completed and signed by the agency, the FI, and FMS, before any joint work is begun by the agency and the FI.

If the application is approved, the agency shall work with the FI to construct a customized implementation plan. The plan will include:

- o Agency profile (type of collection, potential volume, collection method (mail, phone, etc.)).
- o Information on agency locations (addresses/contact points).
- o Type of services (credit card, debit card, or both).
- o Training.
- o Followup program for quality assurance.
- o Technical specifications on equipment.
- o Equipment to be purchased by the agency from the FI. (See 4735.20.)
- o Implementation timeline milestones.
- o Special handling procedures. Including a list of ancillary services to be charged to the agency.
- o Authorization/deposit/settlement procedures.
- o Supplies required.
- o Chargeback and retrieval responsibilities.

An Agency Participation Agreement documents an agency's participation in the Master agreement and outlines terms and conditions for accepting credit or debit cards in the agency. This agreement is a binding document between the agency, the FI, and FMS, and must be signed for FMS to pay for agency credit or debit card services. FMS will maintain the signed copy in its files.

Section 4730 - Types of credit and Debit Card Collections

Subject to the provisions of 31 CFR 206, agencies can accept debit and credit cards for various collection activities, outlined in the following subsections.

4730.10 - Sales/Services

Some examples of sales or services applications for which FMS may approve the use of debit or credit cards are:

- o Sales (by mail and over-the-counter) of miscellaneous items, such as publications, maps, charts, souvenirs, surveys, photographs, or films.

- o Medical services.

- o Freedom of information requests.
- o Inspection or grading services.
- o Commodity sales, (such as timber, oil).

4730.20 - Fees/Fines

Some examples of fee or fine debit or credit card applications which FMS may approve are:

- o Inspection fees.
- o Criminal, civil, and court fees and fines.
- o Recreation user fees.
- o Duties.
- o Patent fees.
- o Registration fees.
- o License fees.

4730.30 - Debt Repayment

FMS may approve the acceptance of debit or credit cards to collect monies due from (1) extending loans

for housing, education, health care, agriculture, and business, (2) repaying of duplicate benefits, (3) travel advance repayments, and (4) other administrative collections.

Section 4735 - Compensation/Agency Expenses

4735.10 - Costs Paid by FMS

When funds are deposited to the General Fund and not withdrawn for investment, FMS will pay the costs for--

- o Processing each debit and credit card transaction.
- o All per-transaction-call charges assessed by the FI for authorization and settlement.
- o Chargeback assistance.
- o Deposit reporting through the CA\$H-LINK system.
- o Initial "train the trainer" instruction as described in paragraph 4720.20.
- o Supplies, as described in 4720.30.
- o Deposit reports showing cardholder account

number, transaction amount, and date.

A monthly expense report and management monitoring report will be sent to FMS from each Network FI detailing the number of transactions processed, the status of each agency's PCCN activities, and the accompanying costs.

4735.20 - Costs Paid by Agencies

The agency shall pay for--

- o Equipment - namely, electronic data capture/point of sale (EDC/POS) terminals with attached printers, PIN pads and software, PCs, modems and imprinters.
- o Standard voice-grade telephone line installation and monthly charge.
- o Dedicated lines deemed necessary for an agency in a high volume, high-pressure, point-of-sale environment, such as, checkout lines at large retail outlets.
- o Any international authorization/settlement charges above domestic charge rates paid by FMS.
- o Extra services beyond those specifically

defined and priced in the Master Agreement,
such as detailed training beyond the "train-the-trainer" format.

- o Customized reports such as those that list
product codes.

Network FIs will assist each agency in determining the most appropriate equipment. In many cases, existing equipment, such as a personal computer, may be sufficient for credit card authorization and settlement transactions. As the provider of plastic card collection services, the FI provides technical expertise in reviewing and approving the agency's proposed equipment configuration. FMS recommends that agencies inquire about the many types of authorization and settlement functions.

Section 4740 - Deposit Regulations

Agencies must comply with the provisions of 31 CFR 206.5 contained in I TFM 6-8000, which require that deposits be made prior to the depository's specified daily cutoff time, but as late as possible, to maximize daily deposit amounts. Each FI informs the agency of its particular cutoff times. In an electronic environment, this means a settlement transaction should take place through an EDC/POS at various times during the day (or once at the close of business) in order to meet the FI's cutoff time for deposit.

FMS strictly prohibits holding credit card deposits above the daily \$5,000 limit. Agencies should not accumulate daily receipts of more than \$5,000 after the FI's daily cutoff time if they are operating in a paper sales draft settlement mode. If the agency is operating in an electronic data capture (EDC) mode, it must settle on a daily basis, regardless of the amount accumulated that day. Agencies will pay the assessed non-qualifying interchange fee if they fail to settle electronically everyday.

Section 4745 - Agency Monitoring Requirements

4745.10 - General

The agency is responsible for accounting requirements of all transactions and funds transferred. Agencies must monitor performance daily to ensure quality service, reconciliation of detail remittance data, and timely funds transfer. Agencies prepare necessary financial statements and reports to FMS (ITFM Part 2).

4745.20 - Deposit Information

Agencies use the Agency Access function of the CA\$H-LINK to retrieve information about deposits. Agencies will receive an SF 215 deposit ticket with support listing described in the CA\$H-LINK User's Guide. Agencies will reconcile the deposits reported

on Agency Access to the SF 215 deposit tickets received from the FIs. NOTE: If an agency does not have Agency Access to the CA\$H-LINK system, they should contact FMS and request an application (see Contacts page).

4745.30 - Reconciliation Inquiries

The agency will pursue inquiries on reconciling detail data/documents directly with the FI customer representative. However, long-term operational problems should be reported to FMS (see Contacts page).

4745.40 - Funds Transfer

The agency will inform FMS (see Contacts page) of failure by the FI to process payments promptly or failure to transmit funds, resulting in a delay in the availability to Treasury.

4745.50 - Evaluation

The agency responds to periodic Treasury surveys for evaluation of services being provided by both FMS and the Network FI.

CONTACTS

Agencies are encouraged to contact their FMS cash

management liaison concerning questions on the Network and to obtain copies of the Agency Participation Agreement. Initial inquiries should be made to the Product Promotion Division or your regional FMS Customer Assistance Staff (CAS):

Department of the Treasury
Financial Management Service
Product Promotion Division
Liberty Center (3rd Floor)
Washington, DC 20227
(Telephone 202-874-6540)

Austin: Financial Management Service
CAS
P.O. Box 149058
Austin, TX 78714-9058
(Telephone 512-482-7211)

Birmingham: Financial Management Service
CAS
P.O. Box 2451
Birmingham, AL 35201-2451
(Telephone 205-290-7234)

Chicago: Financial Management Service
CAS
P.O. Box 8670
Chicago, IL 60680-8670
(Telephone 312-353-2364)

Kansas City: Financial Management Service
CAS
P.O. Box 3329
Kansas City, KS 66103-0329
(Telephone 913-236-3305)

Philadelphia: Financial Management Service
CAS
P.O. Box 8676
Philadelphia, PA 19101-8676
(Telephone 215-516-8001)

San Francisco: Financial Management Service
CAS
P.O. Box 193858
San Francisco, CA 94119-3858
(Telephone 415-744-7433)

Washington

Branch Office: Financial Management Service
CAS
Prince George Center, Bldg. 2
3700 East West Hwy. Rm 245C
Hyattsville, MD 20782
(Telephone 202-874-8880)

After an account is implemented, inquiries
concerning daily operations should normally be directed

to the Network FI and the Regional Customer Assistance Staff representative. However, matters concerning the agreement and special/recurring issues should be directed to:

Department of the Treasury
Financial Management Service
Financial Services Division
Liberty Center (4th Floor)
Washington, DC 20227
(Telephone 202-874-6580)

Questions relating to Deposit Information
(paragraph 4745.20) should be directed to:

Department of the Treasury
Financial Management Service
Banking Management Division
Banking Operations Branch
3700 East-West Hwy., Rm 5A08
Hyattsville, MD 20782
(Telephone 202-874-6900)